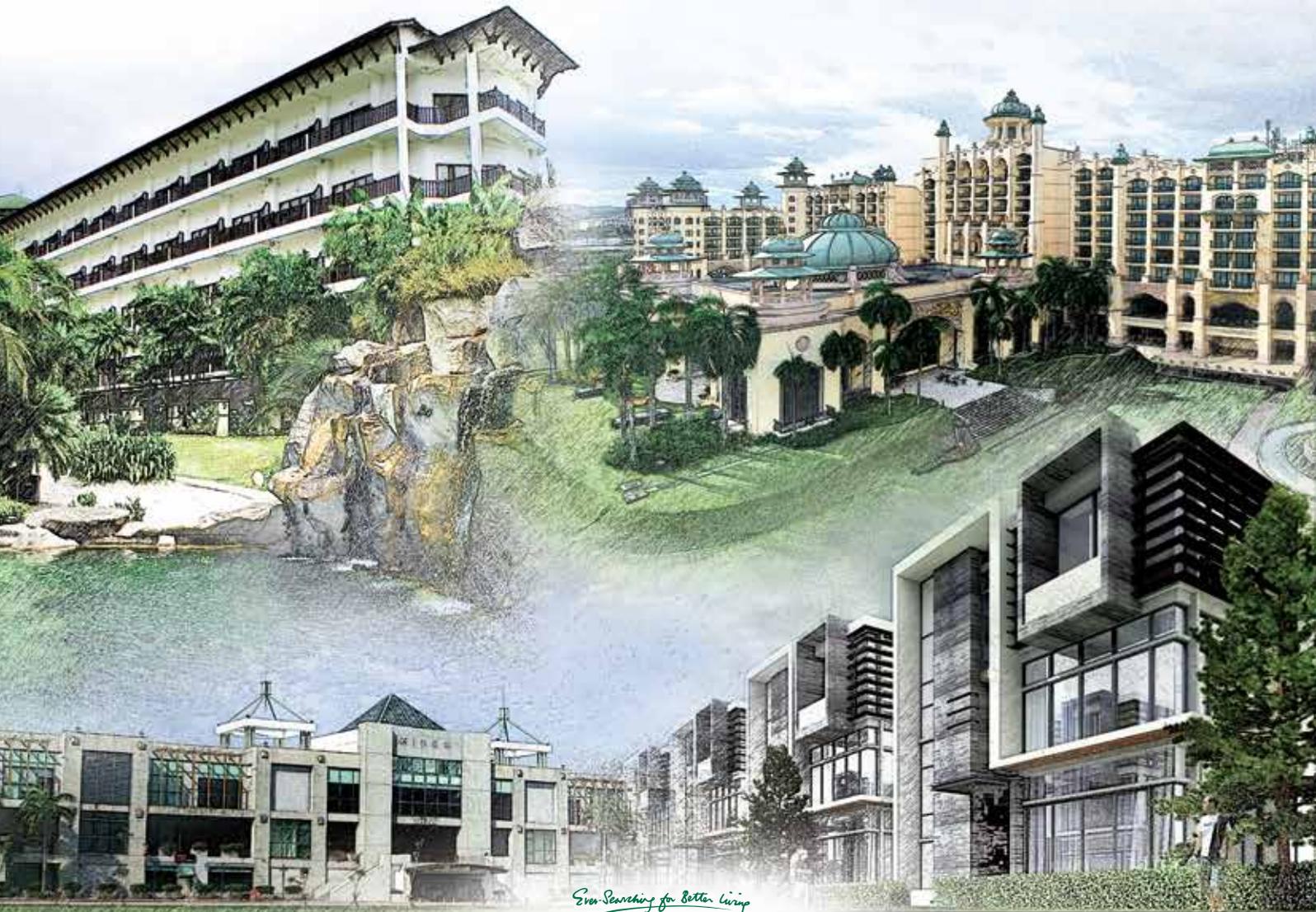


EVER SEARCHING FOR BETTER LIVING

2016 ANNUAL REPORT



Ever Searching for Better Living



绿野集团

Country Heights Holdings Berhad
(119416-K)

OUR VISION

Ever Searching for Better Living!

OUR MISSION

It's all about meaningful innovative creations!

OUR VALUES

The values to govern our way of doing business and branding:-

love
quality
style
nature
excellence



CONTENTS

3	Corporate Information	44	Property Investment	173	Analysis of Shareholdings
4	Group Structure	50	Hospitality	174	List of Thirty Largest Securitates Accounts Holders
6	Five-Year Group Financial Highlights	57	Health	175	List of Landed Properties Held by the Group
8	Profile of Board of Directors	60	Membership & Tourism	182	Notice of Annual General Meeting
17	Chairman's Statement	63	Statement on Corporate Governance	187	Statement Accompanying Notice of Annual General Meeting
21	Management Discussion & Analysis	76	Audit & Risk Management Committee Report		
29	Sustainability Statement	82	Statement on Internal Control		
36	Property Development	85	Financial Statements		

Annexure A
Proxy Form
Corporate Directory

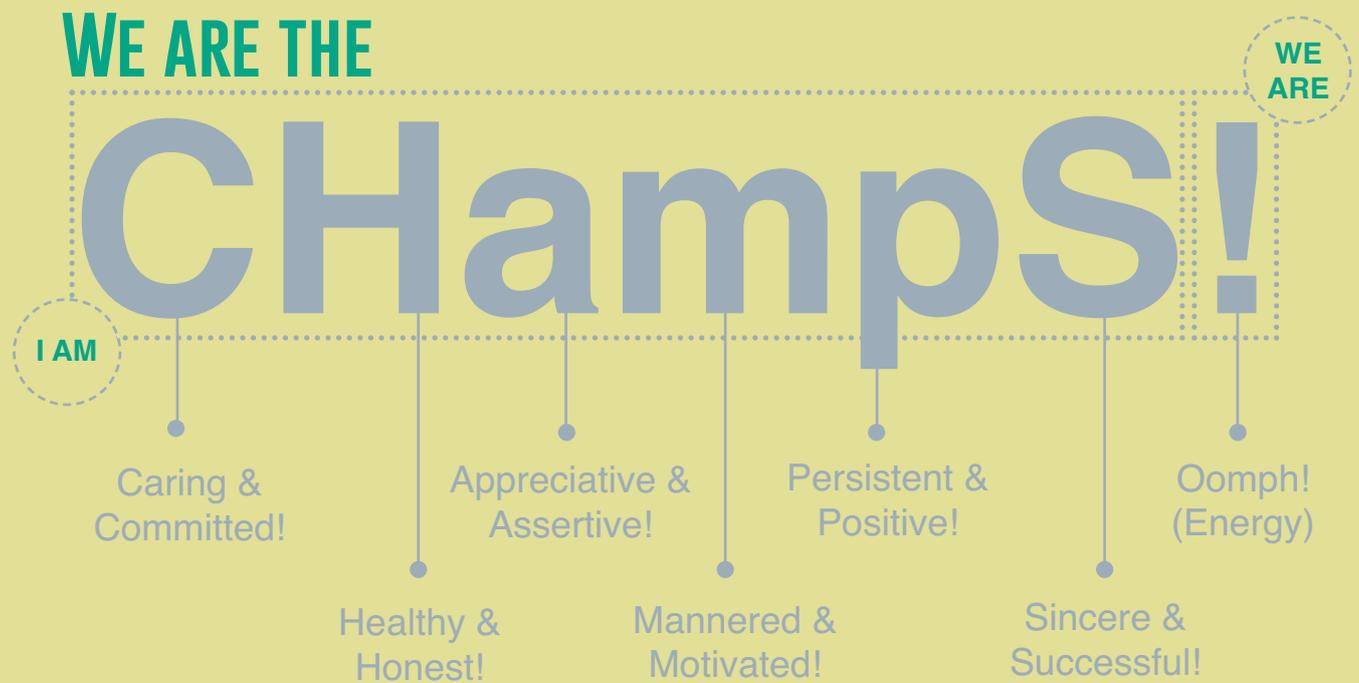
COMPANY PROFILE

Country Heights Holdings Berhad (“CHHB”) is a public listed conglomerate with subsidiaries in property development and investments, hotel and resort management, healthcare, event planning and exhibitions, education and timeshare. CHHB was listed on the Main Market of the Bursa Malaysia Securities Berhad on 18 February 1994.

Our largest development is the Mines Wellness City, where a once deserted opencast tin-mining lake was transformed into a sprawling hive of greenery and activities. Many of our award-winning projects, such as Palace of the Golden Horses, MINES Waterfront Business Park (MWBP) and MINES International Exhibition and Convention Centre (MIECC) were developed around this now majestic lake.

In CHHB, we take pride in our people, our Company and our developments.





Country Heights AMazing PeopleS!

(Plural of people, Def: a body of persons that are united by a common culture, tradition, or a sense of kinship)

Country Heights understands that to be able to gain competitive edge and to maintain sustainability, Human Development is a crucial foundation.

Since 2012, Country Heights has dedicated in transforming its Human Resource initiatives in formulating systematic programmes for its employees towards a purposeful and effective workforce.

The first initiative was the launch of “CHamps!” The coining of a name is to create a common identity among all employees under different business units towards one goal, one culture and one direction.

CHampS! is aimed to create unity, inclusiveness and a heightened energy among the approximately 755 workforce within the group. Each CHamps! abides the common values of caring, committed, healthy, honesty, appreciative, assertive, mannered, motivated, persistent, positive, sincere and successful as a guide in one’s individual conduct in the working environment.

All employees working within the group is recognised as a CHamps!

BOARD OF DIRECTORS

Tan Sri Lee Kim Tiong @ Lee Kim Yew
Executive Chairman

Lee Cheng Wen
Deputy Chairman,
Non-Independent Non-Executive Director

Nik Hassan Bin Nik Mohd Amin
Independent Non-Executive Director

Chew Chong Eu
Independent Non-Executive Director

Chua Hee Boon
Independent Non-Executive Director

Lee Thai Young Matahari
Executive Director

Lee Sow Lin
Executive Director

Yip Chun Mun
Executive Director

Har Soon Thim
Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Nik Hassan Bin Nik Mohd Amin
Chairman

Chew Chong Eu
Chua Hee Boon
Lee Cheng Wen

NOMINATION & REMUNERATION COMMITTEE

Lee Cheng Wen
Chairperson

Nik Hassan Bin Nik Mohd Amin
Chew Chong Eu
Chua Hee Boon

COMPANY SECRETARY

Wong Sook Ping (MAICSA 0761491)

REGISTERED OFFICE

8th Floor, Block A,
Mines Waterfront Business Park
No. 3, Jalan Tasik, Mines Wellness City
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 603-8943 8811
Fax : 603-8941 1470

REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 603-6201 1120
Fax : 603-6201 3121

AUDITORS

Deloitte PLT
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Bank of China (Malaysia) Berhad
Malaysia Building Society Berhad
Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad

SOLICITORS

Lee Partnership
Raja, Darryl & Loh
Adam Bachek & Associates
C.S Tang & Co
Saha & Associates
Iqbal Hakim, Sia & Voo
S.Ravichandran & Anuar
Thompson Associates
M Scully

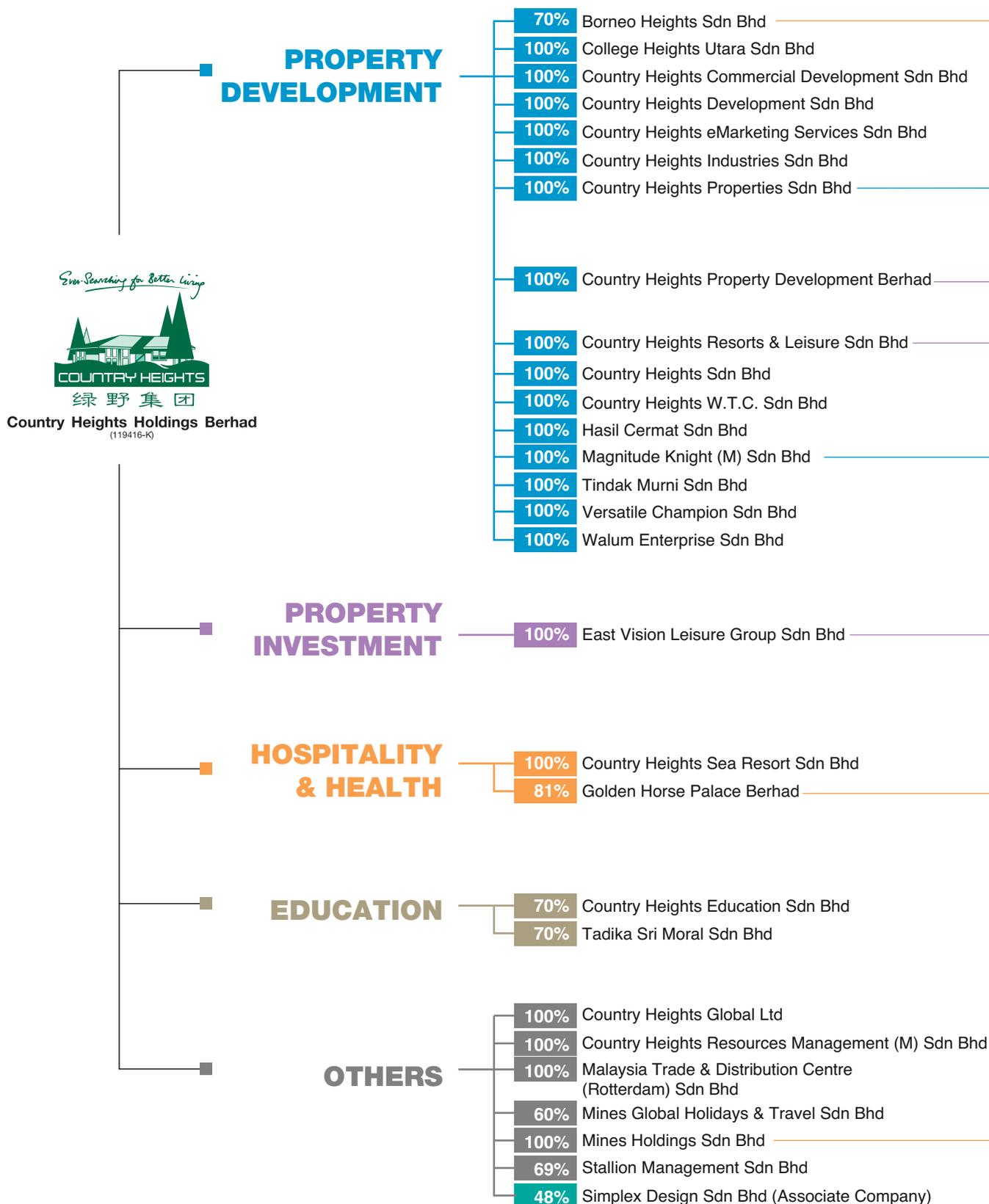
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

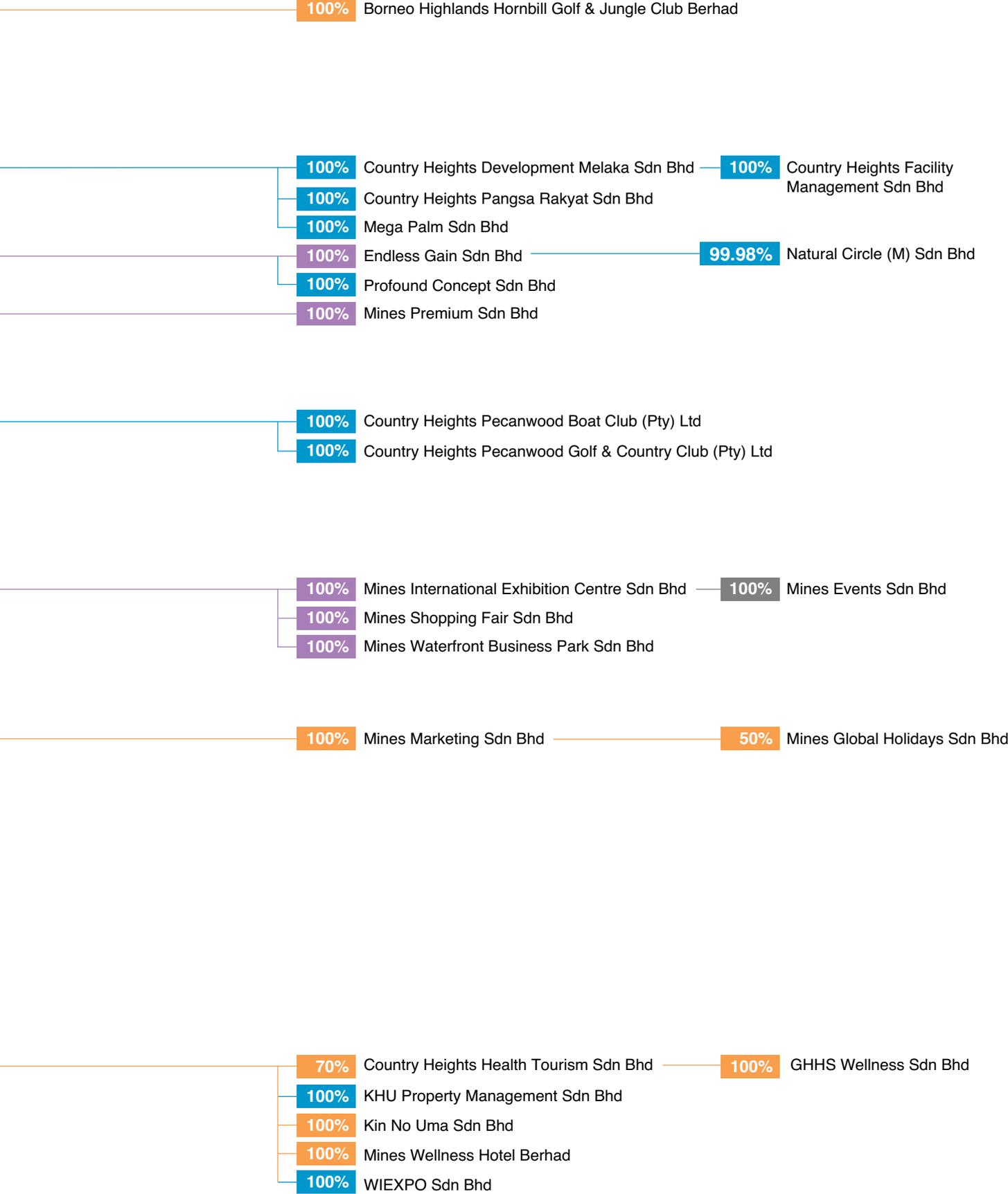
WEBSITE

www.countryheights.com.my

GROUP STRUCTURE

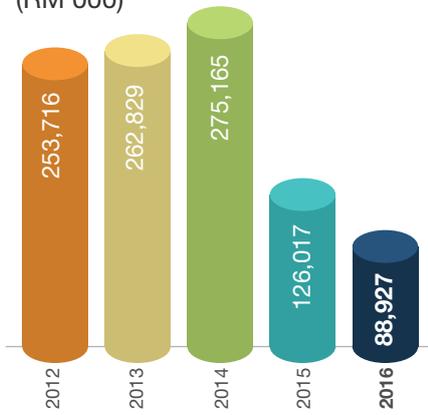


Group Structure

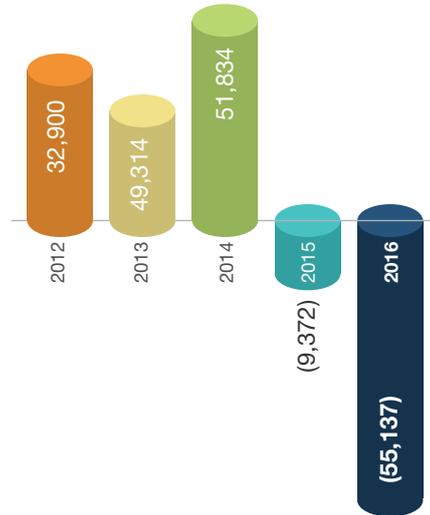


FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

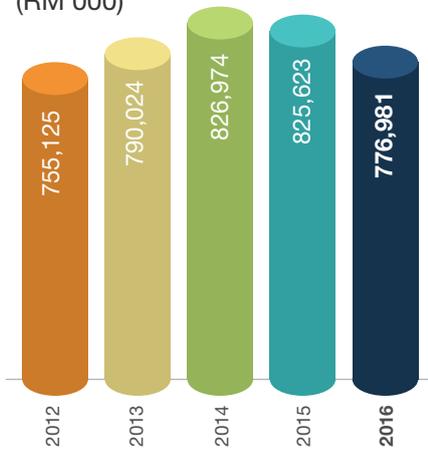
REVENUE (RM'000)



(LOSS)/PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)

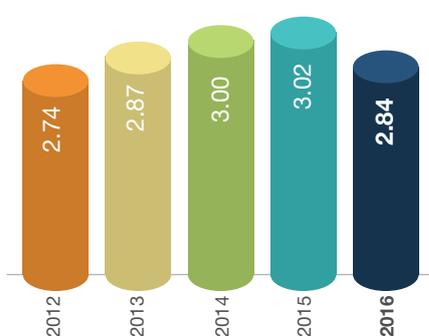


BASIC (LOSS)/EARNINGS PER SHARE (sen)



Five-Year Group Financial Highlights

NET ASSETS PER SHARE (RM)



RETURN ON EQUITY (%)



	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR					
Continuing Operations					
Revenue	87,358	124,236	275,165	262,829	253,716
(Loss)/Profit before taxation	(53,755)	(8,109)	51,834	49,314	32,900
(Loss)/Profit after taxation	(53,194)	(7,968)	37,329	35,112	25,757
Discontinued Operations					
Revenue	1,569	1,781	-	-	-
Loss before taxation	(1,382)	(1,263)	-	-	-
Loss after taxation	(1,380)	(1,263)	-	-	-
These three are the total of continuing and discontinued operations					
Revenue	88,927	126,017	275,165	262,829	253,716
(Loss)/Profit for the year	(54,574)	(9,231)	37,329	35,112	25,757
Net (Loss)/Profit Attributable to Shareholders	(48,521)	(8,612)	37,851	36,016	25,253
STATEMENTS OF FINANCIAL POSITION					
Total Assets	1,275,323	1,343,953	1,351,527	1,362,235	1,397,881
Total Liabilities	478,228	492,473	498,077	545,304	614,945
Share Capital	275,707	275,707	275,707	275,707	275,707
Reserves	504,188	552,830	551,413	514,317	479,418
Shareholders' Funds	776,981	825,623	826,974	790,024	755,125
	Sen	Sen	Sen	Sen	Sen
Basic (Loss)/Earnings Per Share (sen)	(17.74)	(3.15)	13.73	13.06	9.16
Net Assets Per Share (RM)	2.84	3.02	3.00	2.87	2.74
Return on Total Assets (%)	(3.80)	(0.64)	2.80	2.64	1.81
Return on Equity (%)	(6.24)	(1.04)	4.58	4.56	3.34
Gearing (Net Debt/Equity)	0.25	0.20	0.19	0.24	0.32



PROFILE OF BOARD OF DIRECTORS

**Y. BHG. TAN SRI LEE KIM
TIONG @ LEE KIM YEW**
Executive Chairman

**Malaysian, male,
62 years of age**

Tan Sri Lee Kim Tiong @ Lee Kim Yew, the founder of Country Heights Holdings Berhad, was first appointed to the Board on 1 October 1986. He was re-designated as the Chairman of Country Heights Holdings Berhad on 2 June 2016. Subsequently, he was, on 1 October 2016, re-designated as the Executive Chairman. Tan Sri Lee Kim Tiong @ Lee Kim Yew was appointed as the Chairman of the Nomination & Remuneration Committee and also a member of the Audit & Risk Management Committee on 2 June 2016. However, he has resigned from both positions on 1 October 2016.

Tan Sri Lee Kim Tiong @ Lee Kim Yew is an established innovative entrepreneur who has stamped his mark in many industries. He has over 30 years of vast experience in developing residential, industrial park, hotel and leisure, commercial and recreation projects. His strong business acumen and visionary leadership are the key ingredients which led the Group's successful completion of several highly acclaimed projects. Country Heights Damansara and Borneo Highlands Resort have won the 'Highly Commended – Best Development Malaysia' and 'Highly Commended – Best Golf Development Malaysia' awards respectively in the Asia Pacific Residential Property Awards in association with Bloomberg Television 2010. Country Heights Holdings Berhad was awarded 'Best Brand Conglomerate Awards 2010-2011'.

His magnificent development by transforming the one of the World's largest open cast tin mine into a flagship development such as the Palace of the Golden Horses, Mines Wellness Hotel, Mines Waterfront Business Park, Mines International Exhibition & Convention Centre ("MIECC"), Mines Wonderland and Mines Resort & Golf Club or better known as "The Mines Resort City".

The Mines Resort City has earned the National Creativity & Innovation Award by the Malaysian Design Technology Centre in 2004.

In recognition of his immeasurable contribution to the property development and hospitality industry in Malaysia, Tan Sri Lee Kim Tiong @ Lee Kim Yew has been bestowed with the 'Lifetime Achievement Award' in the 2008 Technology Business Review ASEAN Awards.

In 2014, Tan Sri Lee Kim Tiong @ Lee Kim Yew was appointed as Advisor to Country Heights Holdings Berhad and its Group of Companies to provide advisory service on the Group's strategic business development. With the designation as the Chairman of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew had resigned as the advisor.

He also sits on the Board of Golden Horse Palace Berhad, Mines Excellence Golf Resort Berhad, Plentiful Gold-Class Berhad and several other private companies.

Tan Sri Lee Kim Tiong @ Lee Kim Yew is the father of Ms. Lee Cheng Wen, Deputy Chairman of Country Heights Holdings Berhad and Mr. Lee Thai Young Matahari, the Executive Director of Country Heights Holdings Berhad.

In view of his direct interest in Country Heights Holdings Berhad and substantial shareholdings in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd, he is deemed interested in certain related party transactions of revenue or trading nature which are necessary for the day-to-day operations of the Group.

Profile of Board of Directors



MS. LEE CHENG WEN

*Deputy Chairman
Non-Independent Non-Executive Director*

**Malaysian, female,
31 years of age**

Ms. Lee Cheng Wen was appointed to the Board on 1 October 2009 and was the Group Chief Executive Officer since 21 June 2011 until she was re-designated as the Deputy Chairman of the Company on 1 October 2016.

Ms. Lee Cheng Wen graduated with a Bachelor of Science in Corporate Finance and Organisational Management from the University of Southern California, United States. She also holds a Diploma in Advance Technology from University of Cambridge, United Kingdom.

Ms. Lee Cheng Wen officially joined Country Heights Holdings Berhad on 7 July 2008. She was attached with the Managing Director's office prior to her post in managing Country Heights Damansara. During her tenure there, she managed to elevate sales and improve the overall financial stability of the division. In June 2009, she was appointed as the General Manager of Palace of the Golden Horses. She turned around the profitability of numerous divisions in Palace of the Golden Horses and her portfolio organically grew to oversee the hospitality and health division. She was then re-designated to Chief Executive Officer of Country Heights Hospitality and Health Division.

Under her portfolio, the Hospitality and Health Division became the second major revenue contributor in Country Heights Holdings Berhad. In line with the Company's vision of "Ever Searching for Better Living", she has also spearheaded the project to transform Mines Resort City to Mines Wellness City, an innovative enhancement on the Group's flagship project.

Prior to joining Country Heights, Ms. Lee Cheng Wen interned at Goldman Sachs and various non-profit organisations. Her analytical skills and strong leadership talent also made her the sole delegate for Malaysia in the Global Young Leaders Summit for 2004 and 2005 in the US and Europe.

Ms. Lee Cheng Wen's business achievements and prowess in corporate Malaysia is recognised and respected. She was awarded the Women Excellence Award under category of Young Women Entrepreneur Outstanding Achievement in 2014 and The Golden Globe Tiger Award under category of Women Leadership in 2015.

Ms. Lee Cheng Wen has also accorded with '2016 China Daily Asian Women Leadership Awards', a joint initiative by China Daily and Asia News Network ("ANN") to Asian women for their outstanding career achievements and strategic influence in their societies. The Award recognises dynamic and dedicated women who are agents of change for the empowerment of women, and those who are role models in entrepreneurship, innovation, finance, media, culture, sports, environment, education, health care, tourism, public services and charity.

She also sits on the Board of Golden Horse Palace Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad.

Ms. Lee Cheng Wen is the daughter of Tan Sri Lee Kim Tiong @ Lee Kim Yew, the Executive Chairman of Country Heights Holdings Berhad and also the sister of Mr. Lee Thai Young Matahari, the Executive Director of Country Heights Holdings Berhad. She is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group.

Profile of Board of Directors

ENCIK NIK HASSAN BIN NIK MOHD AMIN

*Independent
Non-Executive Director*

**Malaysian, male,
68 years of age**

Encik Nik Hassan Bin Nik Mohd Amin was appointed to the Board on 29 April 2008 as an Independent Non-Executive Director. He also serves as the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee of the Board.

He is an alumnus of University of Malaya where he graduated with a Bachelor in Economics. In 1971, he started his banking career with a local commercial bank and has spent more than 35 years in the banking and financial services sector.

Having worked in various senior capacities with the local commercial bank such as Chief Executive Officer and Executive Director of BBMB Securities Sdn Bhd, Chief Executive of BBMB Factoring Berhad, Executive Director and Chief Executive of Bumiputra Merchant Bankers Berhad as well as Director of various financial subsidiaries of Bumiputra-Commerce Bank Berhad, Encik Nik Hassan Bin Nik Mohd Amin has gained invaluable hands on experience in commercial banking, stock broking, factoring and merchant banking. From 2003 until his retirement, he was the Senior Executive Vice President of Corporate Banking Treasury and International Banking Division of Bumiputra-Commerce Bank Berhad.

Encik Nik Hassan Bin Nik Mohd Amin also sits on the Board of Golden Horse Palace Berhad, Country Heights Timeshare Berhad, Cheng Ho Multi Culture Trade & Investment Services Berhad and Business Leap (M) Berhad.

MR. CHEW CHONG EU

*Independent
Non-Executive Director*

**Malaysian, male,
55 years of age**



Mr. Chew Chong Eu was appointed to the Board on 29 April 2008 as an Independent Non-Executive Director. He is also a member of the Audit & Risk Management Committee of the Board. He was appointed as a member of Nomination & Remuneration Committee of the Board on 2 June 2016.

Mr. Chew Chong Eu is a Chartered Accountant. He graduated with a Bachelor of Commerce from the University of Canterbury and is a member of the Malaysian Institute of Accountants, Institute of Chartered Accountants in Australia and New Zealand Institute of Chartered Accountants.

He has over 30 years of experience in insolvency and financial rescue in Malaysia and Australia. He is also actively involved in providing professional advice to various Australian companies looking to invest in Asia and vice-versa. He also has experience in audit, tax, and management consultancy services. His industry experience includes hotel and tourism, transportation, printing and manufacturing, retail and property development.

He has also acted as Head of Corporate Finance for Schroders Advisory Services and Perdana Merchant Bankers Berhad. Whilst in service, he successfully assisted companies in various industries to restructure for the purpose of initial public offerings, completed equity, debt or equity-linked capital raising exercises, in addition to being involved in several reverse take-over and privatisation exercises, and the valuation of a wide range of assets including infrastructure projects, licenses and other intangibles.

In 2000, Mr. Chew Chong Eu entered into a joint venture with BDO Binder and formed BDO Capital Consultants Sdn Bhd (“BDO Capital”), the corporate finance and insolvency division of BDO Binder. He was appointed as the Chief Executive Officer of BDO Capital, where he took on appointments in corporate advisory for debt restructuring and turnaround exercises of several public listed and private companies.

In 2005 until present, together with a number of his colleagues from BDO Capital, he established Covenant Equity Consulting Sdn Bhd, to provide quality corporate finance and advisory services with a personal touch across the Asia Pacific Region. In 2009, he was appointed as the Quality Control Director of PKF Malaysia, a member of PKF International, one of the world’s top accounting and business advisory organisation. Mr. Chew Chong Eu was also appointed as the Regional Director of PKF International for the Asia Pacific Region for 2012/2013.

Mr. Chew Chong Eu has no directorship in other public listed companies.

Profile of Board of Directors



MR. CHUA HEE BOON

Independent Non-Executive Director

**Malaysian, male,
44 years of age**

Mr. Chua Hee Boon was appointed to the Board on 7 June 2016 as an Independent Non-Executive Director. He was also appointed as a member of the Audit & Risk Management Committee and Nomination & Remuneration Committee of the Board on 7 June 2016.

Mr. Chua Hee Boon is a Chartered Accountant. He is a member of the Malaysian Institute of Accountants (“MIA”) as well as a Fellow Member of the Association of Chartered and Certified Accountant (“ACCA”) and an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).

He has combined experience of more than 20 years within the audit, tax, corporate secretarial, corporate finance & advisory, tax advisory, management consultancy services and due diligence including experience with one of the big four audit firm, namely Deloitte. His industry experience includes property development, hotel, manufacturing, retails, wholesaler, investment holding, consumer & industry services, construction and event organiser for international golf event.

In 2009 until to date, Mr. Chua Hee Boon has established a consultancy company to provide corporate & advisory services, accounting, corporate secretarial, tax advisory and management consultancy services.

Mr. Chua Hee Boon has no directorship in other public listed companies.

Profile of Board of Directors

MR. LEE THAI YOUNG MATAHARI

Executive Director

**Malaysian, male,
26 years of age**



Mr. Lee Thai Young Matahari was appointed to the Board on 7 June 2016 as an Executive Director.

Mr. Lee Thai Young Matahari grew up in Malaysia and has attended local private Chinese schools for both primary and secondary school education. Following the footsteps of his older siblings, he chose to complete his higher education in the United States. Prior to finding his true interest and love for the environment, he attended the Santa Monica Community College and completed his pre requisites to major in economics, philosophy and photography before transferring to the University of Nevada, Las Vegas. He completed his higher education career with a Bachelor's Degree in Urban Affairs, majoring in Environmental Studies and a minor in solar and renewable energy.

He officially joined Country Heights International Sdn Bhd in 2015 as a director upon returning to Malaysia after a six year stint in the United States. He involves himself with several different businesses locally and internationally. As of now he is working for Country Heights Holdings Berhad, seeking foreign investment opportunities outside of Malaysia that mainly revolves around the real estate developments and investments sectors. On the other hand, Mr. Lee Thai Young Matahari is also tasked with managing nine properties under Matahari Homes LLC, a Las Vegas based real estate investment company founded by Tan Sri Lee Kim Tiong @ Lee Kim Yew. His portfolio is to ensure property up keeps as well as generating rental income and capital gains.

Mr. Lee Thai Young Matahari was also an international sales representative for Sprung Structures, Canada, the pioneer creators for stress membrane structures in the world. During his first year of involvement with Sprung in 2012, he has helped managed the construction of a marquee conference hall structure for the Warwick Le Lagon Resort located in Vanuatu. The 11,000 sq ft structure has housed several European Union Conferences since its inception and was used as an emergency shelter during the devastating events of Tropical Cyclone Pam in early 2015.

He is also a Director of Plentiful Gold-Class Berhad and Mines Excellence Golf Resort Berhad.

Mr. Lee Thai Young Matahari is the son of Tan Sri Lee Kim Tiong @ Lee Kim Yew, the Executive Chairman of Country Heights Holdings Berhad and also the brother of Ms. Lee Cheng Wen, the Deputy Chairman of Country Heights Holdings Berhad. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group.

Profile of Board of Directors



MS. LEE SOW LIN
Executive Director

**Malaysian, female,
57 years of age**

Ms. Lee Sow Lin was appointed to the Board on 7 June 2016 as an Executive Director. She was previously a Director of Country Heights Holdings Berhad from 2004 to 2008.

Ms. Lee Sow Lin holds a Bachelor of Economics Degree from Monash University, Melbourne, Australia. She brought with her a wealth of experience in the financial and banking industry. She was previously attached to the Hong Leong Group for 15 years holding various senior positions in commercial, corporate banking and branch operations. In Hong Leong Finance, Ms. Lee Sow Lin was spearheading the overall real estate lending in Malaysia where she led and managed project financing and lending to property companies.

In Hong Leong Bank, Ms. Lee Sow Lin was part of the core team that led the commercial banking functions after acquiring MUI Bank. She was also involved in branch operations and corporate banking business.

Ms. Lee Sow Lin later joined Tan Sri Lee Kim Tiong @ Lee Kim Yew's private arm in December 1999 where she was involved in managing his personal companies' gearing and funding requirements including overseeing his companies' corporate finance matters.

During her directorship in Country Heights Holdings Berhad from 2004 to 2008, Ms. Lee Sow Lin was responsible in steering the restructuring of certain debts of the Group, i.e. the Cumulative Redeemable Preference Shares ("CRPS") which involved the issuance of Redeemable Convertible Secured Loans Stock ("RCSLS Series A & B"). She was also instrumental in getting CapitaLand Singapore to purchase the Mines Shopping Mall for the settlement of the loan stock RCSLS Series A & B.

In her current position as Executive Director and Investor Relations & Corporate Finance of Country Heights Holdings Berhad, Ms. Lee Sow Lin is responsible to identify potential investors joint venture partners and develop strategic business alliances for the Group's business as well as working closely with bankers and stakeholders. In addition to the above, she also assists in the Group's corporate exercises including rights issue, private placements, divestments and tender exercises. Ms Lee Sow Lin also assists the Executive Chairman to oversee the Group's cash flow management.

Ms. Lee Sow Lin is also a Director of Plentiful Gold-Class Berhad.

Profile of Board of Directors



MR. YIP CHUN MUN
Executive Director

**Malaysian, male,
54 years of age**

Mr. Yip Chun Mun was appointed to the Board on 7 June 2016 as an Executive Director.

Mr. Yip Chun Mun holds a Bachelor's Degree in Administrative Studies from York University, Toronto, Canada. He is currently the Chief Executive Officer of Palace Vacation Club and Mines Global Holidays Sdn Bhd (inbound travel agency). He is also the Chief Sales Officer for Country Heights Group – Tourism and Membership Division, responsible for recruitment of membership for timeshare, health screening and Traditional Chinese Medicine.

Mr. Yip Chun Mun is currently the Chairman of the Malaysian Holiday Timeshare Developers' Federation ("MHTDF"). He has over 29 years of experience in the Malaysian timeshare industry. Mr. Yip Chun Mun started Mines Marketing Sdn Bhd, a marketing agency for Country Heights Group in January 1999 as Director and General Manager and has since marketed a variety of products including Palace Vacation Club, Palace Health Sanctuary, Mines TCM, Mines Golf membership, Hornbill Golf membership, Dignitaries Club and Heritage Serviced Residences. To-date, he has sold to more than 30,000 members with a sales volume of over RM500 million in total.

His other accomplishments include conceptualising and marketing the 1st in Malaysia oil palm farm sharing investment scheme named Country Heights Growers Scheme to more than 10,000 investors which generated an investment fund of over RM200 million. He had previously marketed and led the sales and marketing division of Palace of the Golden Horses, Mines Wellness Hotel and Borneo Highlands Resort. On the tourism business, he has developed and marketed tourism products such as medical & golf tourism, education program, property and "Malaysia My Second Home" program, and tours with hotel packages specifically targeted to the Middle East, China, Korea, Vietnam, and Indonesia markets.

Mr. Yip Chun Mun is also a Director of Golden Horse Palace Berhad and Country Heights Timeshare Berhad.

Profile of Board of Directors



MR. HAR SOON THIM
Executive Director

**Malaysian, male,
57 years of age**

Mr. Har Soon Thim was appointed to the Board on 7 June 2016 as an Executive Director.

He holds a Bachelor Degree (with Honors) in Finance & Accounts from the Central State University of Oklahoma, Oklahoma, USA. He has more than 35 years of hands-on working experience gained through various segments in property development in regional countries.

In early 2015, Mr. Har Soon Thim was appointed as the Chief Executive Officer of Cenmal Commercial Sdn Bhd (a private company wholly owned by Tan Sri Lee Kim Tiong @ Lee Kim Yew) and all its subsidiaries. Prior to joining the private arm, he was the Senior Vice President of Ireka Corporation Bhd, a Contractor cum Developer of I-zen brand lifestyle and

wellness-related properties. He spearheaded Ireka's flagship development in Kota Kinabalu, Sabah, with a Mixed Residential & Commercial Development for 8 years. Subsequently, Mr. Har Soon Thim was posted to Vietnam for 9 years to assist and manage a new Aseana Properties' Real Estate, an AIMS listed USD270 million funds (London) for properties development in Saigon on several Residences Development & Mixed Healthcare Hub Projects.

In the earlier years, Mr. Har Soon Thim was appointed as the General Manager of Green Water Rock Sdn Bhd, a property development company owned by Tan Sri Lee Kim Tiong @ Lee Kim Yew, that was involved with the Mines Resort City Master Development, like Mines Shopping Fair, Mines Waterfront Business Park,

Mines Wellness Resort & Spa Hotel, Mines International Exhibition & Convention Centre, Wonderland Theme Park, Palace of the Golden Horses and the Sapura Building.

His expertise covers healthcare & hospitality facilities, lifestyle residential, commercial and industrial development projects as a developer, a consultant and also as a turnkey contractor.

Currently, Mr. Har Soon Thim is spearheading several lands for a viable and high value property development for the next 5 to 7 years.

Mr. Har Soon Thim has no directorship in other public listed companies.

Note:-

1. Save as disclosed above, none of the Directors has:-

- (i) any family relationship with any Directors and/or Major Shareholders of the Company
- (ii) any conflict of interest with the Company

2. Conviction for Offences

None of the Directors has been convicted for offences within the past 10 years other than traffic offences

3. Attendance of Board Meetings

The attendance of the Directors at Board of Directors' Meetings is disclosed in the Statement on Corporate Governance



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (“the Board”), I am pleased to present the Annual Report and Audited Financial Statements of Country Heights Holdings Berhad (“CHHB” or “the Group”) for the financial year ended 31 December 2016 (“FY2016”).

Chairman's Statement



As shareholders are aware, I was re-designated as the Non-Executive Chairman on 2 June 2016, and subsequently as Executive Chairman on 1 October 2016. I have returned to the leadership role of the Company I founded 33 years ago, but this time amidst exceptional challenges.

The Group's revenue declined to RM88.9 million in FY2016 from RM126.0 million in FY2015. The decline was largely due to lower sales of completed inventories and lower progressive recognition of on-going developments from two key divisions – Property Development Division and Hospitality, Health and Tourism Division. Revenue from the former declined to RM18.0 million in FY2016 from RM41.7 million in FY2015; revenue from the latter declined to RM47.3 million from RM60.4 million, respectively.

The lower revenue was a major factor contributing to the Group's loss after tax of RM54.6 million compared to a loss of RM9.2 million in FY2015. Another major reason was that during FY2016, the Property Development Division terminated sales of the Mansion Park project. This division recorded a loss of RM15.9 million (compared to a loss of RM1.0 million in FY2015). Shareholders will recall that our FY2015 performance included the recognition of RM16.1 million of fair-value gain of investments and RM12.4 million debts waiver written back.



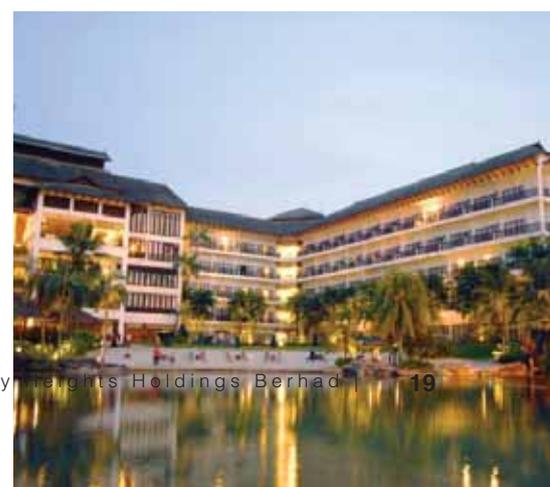
The problems facing the property sector in Malaysia are well known. Global economic uncertainties, together with slower domestic economic growth, increasing cost of living, and difficulty in obtaining end financing have affected demand in certain sectors. Developers are also facing an over-supply of units and increased competition.

As a property developer with several decades of experience, we have witnessed these cycles before. Demand will return, but in the meantime we have to work harder, and reduce costs at the same time. We also need to be more innovative and creative in carving a niche for each of our products such that they stand out and can attract buyers.

The Property Development Division has a series of exciting projects in the pipeline for FY2017 and FY2018, especially within the Mines Wellness City, which is poised to be transformed into Malaysia's premier Wellness City under the Malaysian Government's Economic Transformation Programme. On the Hospitality Division, focus will be given towards refurbishing Palace of the Golden Horses to provide better travel experience and increasing market competitiveness.



Global economic uncertainties, together with slower domestic economic growth, increasing cost of living, and difficulty in obtaining end financing have affected demand in certain sectors.



Chairman's Statement



There have been many new appointments across the Group at various levels. As part of the Board's commitment to refresh itself, General Tan Sri Mohamed Hashim Mohd Ali and Academician Tan Sri Emeritus Professor Datuk Dr. Ong Soon Hock have stepped down from the Board as Independent Non-Executive Chairman and Independent Non-Executive Director, respectively, with effect from 2 June 2016. On behalf of the Board, I wish to express my sincere appreciation for their dedicated service and contributions.

Ms. Lee Sow Lin, Mr Lee Thai Young Matahari, Mr Har Soon Thim and Mr Yip Chun Mun have been appointed as Executive Directors while Mr Chua Hee Boon has been appointed as Independent Non-Executive Director (all with effect from 7 June 2016).

Since my re-designation as Executive Chairman, I have begun to implement changes towards corporate recovery. I am confident that we have begun a new chapter in transforming CHHB to be a stronger corporation. To unlock its combined strengths and capabilities to move forward.

I seek your continuous support as we embark on this journey.

I wish to express my deepest gratitude to all stakeholders for your supports. We believe the Group has emerged from a difficult year, and are cautiously optimistic as we lay the groundwork to accelerate corporate recovery. Thanks are also due to fellow Board members for their guidance, support and advice.

Finally, on behalf of the Board, I would like to extend my heartfelt appreciation to our valued customers, the management team and staff for their dedication and commitment.

Thank you.

Tan Sri Lee Kim Tiong @ Lee Kim Yew
Executive Chairman and Founder of CHHB

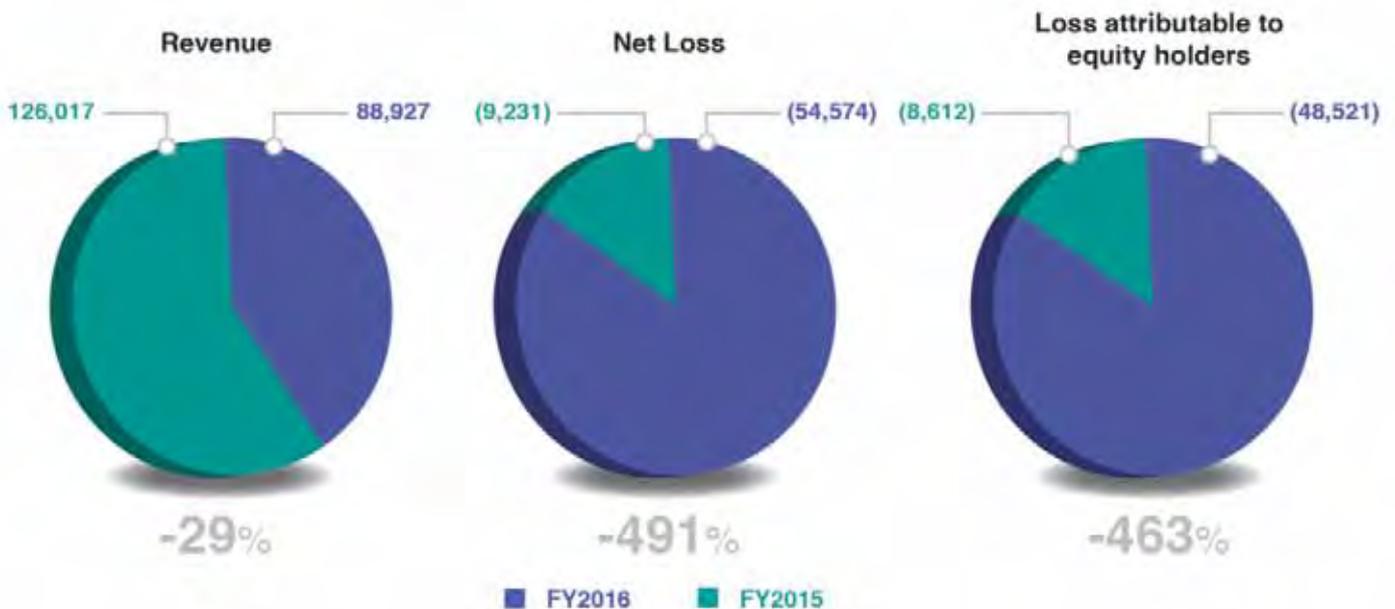
CHHB is in the process of transformation, adapting to new changes and strengthening corporate culture.

MANAGEMENT DISCUSSION & ANALYSIS

The year under review was an exceptionally challenging period for Country Heights Holdings Berhad.

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

FINANCIAL PERFORMANCE



The Group's total revenue for the year 2016 decreased to RM88.9 million from RM126.0 million for the year 2015.

The Group's net loss for the year 2016 was RM54.6 million as compared to net loss of RM9.2 million in preceding year mainly contributed by loss from the Property Development Division and Hospitality, Health & Tourism Division. Loss in year 2015 has included the recognition of RM16.1 million from the fair value gain of investment properties and RM12.4 million of debts waiver, which had been written back in 2015.

For year 2016, Property Development Division, Property Investment Division, Hospitality, Health & Tourism Division contributed RM18.0 million, RM22.0 million and RM47.3 million respectively to the Group revenue.

PROPERTY DEVELOPMENT



Property Development Division contributed RM18.0 million of the Group's total revenue of RM88.9 million. The higher revenue in 2015 was mainly contributed by the sale of completed Cyber Heights Villa at Cyberjaya and progressive revenue recognition of on-going development on Mansion Park and Sawtelle projects. For 2016, the Division recorded net loss of RM15.9 million as compared to net loss of RM1.0 million for the preceding year mainly due to termination of Mansion Park sales in 2016. Moving forward, this project will be continued and rebranded as Cyber Bougainvilla.

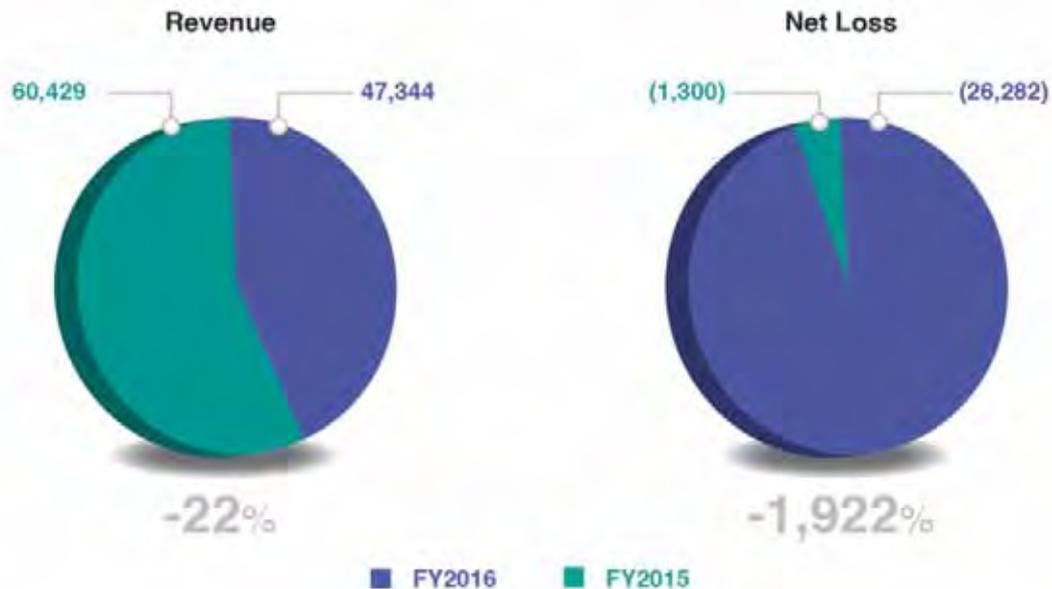
The Division's main focus for year 2016 was primarily on the exclusive development of MINES Waterfront Office Suites. It is an exclusive development of 268 units of office suites specially designed to meet the needs of health and wellness operators with built up areas varies from 481 sqft to 1,220 sqft. Located within the enclave of the MINES Wellness City and fully compliant with the Ministry of Health's guidelines for an ambulatory-ready building, every unit comes with either the view of prestigious MINES Golf Course or the fascinating view of MINES Lake besides being furnished with dual water sources and individual restroom. MINES Waterfront Office Suites will be equipped with great facilities including a fitness centre and cafes besides a 30,000 sqft retail spaces for variety of wellness businesses to operate. Launched in fourth quarter 2014, this development is expected to be completed by fourth quarter 2017 and currently, it has reached construction stage of 95% for Block 4 and 75% for Block 5.

Up north in Malaysia, the success and remarkable story of Belleza Garden Homes Phase 1, 2 and 2A in Jitra, Kedah will continue with the launch of 200 units of PPA1M (Perumahan Penjawat Awam 1-Malaysia) project development.

Amongst projects scheduled for launching in 2017-2018:

- College Heights Garden Resort: 28 units of 2-storey shop-office
- College Valley Industrial Park: 60 units of single-storey terrace factory
- Country Heights Damansara: Subdividing Bungalow Land
- Country Heights Kajang: Kajang Commercial Centre
- Mines Waterfront Suites: Block 6 & 7 - mixed development
- College Heights Utara: 200 units of PPA1M (Perumahan Penjawat Awam 1-Malaysia) scheme on 200 acres land
- Belleza Garden Homes Phase 3 at Jitra, Kedah: 90 units 2-storey terrace house
- Aqualis: 600 units Serviced Residential Apartment
- Venice North: Retail Shop & Serviced Hotel
- Mines Wellness Hotel Suite: Serviced Apartment

HOSPITALITY, HEALTH & TOURISM



The Hospitality, Health & Tourism Division has contributed RM47.3 million to the Group's revenue in 2016, which is the main revenue contributor. However, revenue has decreased as compared to RM60.4 million in preceding year.

HOSPITALITY DIVISION

In 2016, the hospitality industry was generally facing stiff competition predominantly due to rate war amongst hotels and the softer tourism market. Despite drastic drop in the number of tourists to Malaysia, focus is given to refurbish the Palace of the Golden Horses, introduction of a new management team, strategic partnership and measures have been put into place to counter room occupancy rates with more international and local corporate events and promotions to help stimulate this division. Furthermore in 2016, there were change in the method of revenue recognition for membership rejoining fee and annual maintenance fee of which only recognise upon collection.

The high standard of attentive service at Palace of the Golden Horses has been recognised with the international accolades for establishing the gold standard of hospitality service. The hotel was awarded the World Luxury Hotel 2012 for Country Winner – Luxury Golf Course four times in a row – 2011, 2012, 2013 and 2014. Palace of the Golden Horses offers 472 exquisite guestrooms and suites of which 20 are designed for heads of states, host nation suite and a golden suite.

Palace of the Golden Horses offers an outstanding variety of dining and entertainment options:

- Carousel International Coffeehouse – An all day dining restaurant serving Asian and International favourites
- Kim Ma Restaurant – serves contemporary Chinese cuisine
- Kin No Uma Japanese Restaurant – an authentic Japanese fare
- Grand Salon Lobby Lounge – serves evening titbits and alcohol
- Carriage Café – offering delectable pastries, fruits and juices

The hotel is also known for its dedicated conference centre. The Sultan Salahuddin Abdul Aziz Shah Conference Centre is located in its very own private wing. Palace of the Golden Horses has the conference space of 15 meeting rooms equipped with state-of-the-art facilities, individual lighting control, audio-visual equipment, teleconferencing and internet broadband access. There are two ballrooms – the Royal Ballroom and Unity Room, with a maximum seating capacity of up to 2,000 and 800 respectively. There is also a theatre with 300 seats which accommodates theatrical acts or corporate presentations. Awards received by Palace of the Golden Horses include: Best MICE Facility and Service Hotel 2008, Best Innovative Chinese Restaurant 2008/2009 for Kim Ma Restaurant, Best Luxury Golf Resort for 2011, 2012, 2013 and 2014.

Management Discussion and Analysis

In line with the healthy living and wellness concept, Palace of the Golden Horses also offers a comprehensive health screening service at Golden Horses Health Sanctuary (GHHS Healthcare). Located within the hotel premises, the GHHS which infuses Eastern and Western preventive methods is a boon to its members, health tourists and corporations alike who place wellness at the forefront of their lifestyles.

HEALTH DIVISION

In respect of the Health Division, GHHS Healthcare has been increasing its services and packages for international health tourists. GHHS Healthcare and TCM Wellness Centre are the first in Malaysia to offer one stop centre of medical tourism and comprehensive preventive healthcare approach amidst an idyllic resort setting. With professional expertise and highly sophisticated diagnostic equipment, we are able to provide our members with the best care and technology available. Uniting the latest modern Western medicine and technology with holistic Eastern philosophy, GHHS Healthcare provides a wide spectrum of preventive and standard healthcare services.

GHHS Healthcare provides health screening to the genetic level, screening your genes, cells and organs to determine your current health status and risk factors. These results are interpreted by professional consultants and medical officers to provide the best diagnosis and medical plans. Our lifestyle modification plans empower you with the knowledge and tools to keep your health at its peak. The achievements of GHHS Healthcare are remarkable, with over 120,000 screening packages and 1.2 million tests to date and has over 20,000 active members with 98% member satisfaction rate consequently for the past 14 years.

GHHS Healthcare: Traditional Chinese Medicine

To supplement Western medicine and diagnostics, we also provide health restoration and maintenance plans that include non-invasive, traditional alternative therapies, including TCM, complementary healthcare services and much more. TCM Wellness Centre offers an exclusive and professional array of TCM treatments, which include traditional pulse reading and Chinese Diagnosis, chiropractic, bone and joint, menopause & andropause, post stroke rehab, advance post stroke, postnatal/confinement, pediatric, and post-surgery. A TCM Pharmacy is also available where trained consultants prescribe herbs/herbal medicine to promote the restoration of harmony in the body.

The division has been focusing on raising its platform as a centre for medical tourism with increased international health tourists especially from Middle East and South East market.

GHHS Healthcare Milestone Year 2016

- **Collaboration with ENT Specialist Clinic (International ENT Specialist Centre Sdn Bhd):** Provides ENT Screen, Apnea Sleep Score and Professional Specialist Consultation at GHHS Health Screening Centre to current and new members (incorporated into Comprehensive Medical Profile to make up 125 test results)
- **Collaboration with Green Talk Healthy Organic and Café:** Promote healthy and green diets during check-up
- **TCM Charity Day:** Healthy living programmes for the less privileged.
- Launched **Mines Health Tourism Package** targeted for South East Asia in specific Indonesia, Vietnam and China's market. Collaboration with Mayflower Tour Agent as sales agent for this package to local market.
- Set up a **Korea Beauty Store (under CU Holdings Sdn Bhd)** to provide quality facial products to members at a special price.
- Added four packages of G-Pharma besides the current genetic screening profile and to screen the DNA associated with drug response and adverse drug reaction for Pain & Immunology, Cardio & Diabetes, Gastro & Urology and Mental Health.
- In conjunction with the World Breast Cancer Month, GHHS collaborated with UPM CaRE (Cancer Research and Education Centre) to promote Breast Cancer Screening- Mammogram at GHHS Centre for patients, employees and university students.
- **Collaboration with UPM CaRE for a Special Programme:** "Caring Beyond Cancer Programme" for cancer survivors.
- Collaboration with Amrita Pharm Sdn Bhd and introduced new tests regarding Food Intolerance on the 22, 50, 100 & 300 food panels respectively. A complete lifestyle modification plan will be provided after the tests by our Lifestyle Planning Doctor.

MEMBERSHIP TOURISM

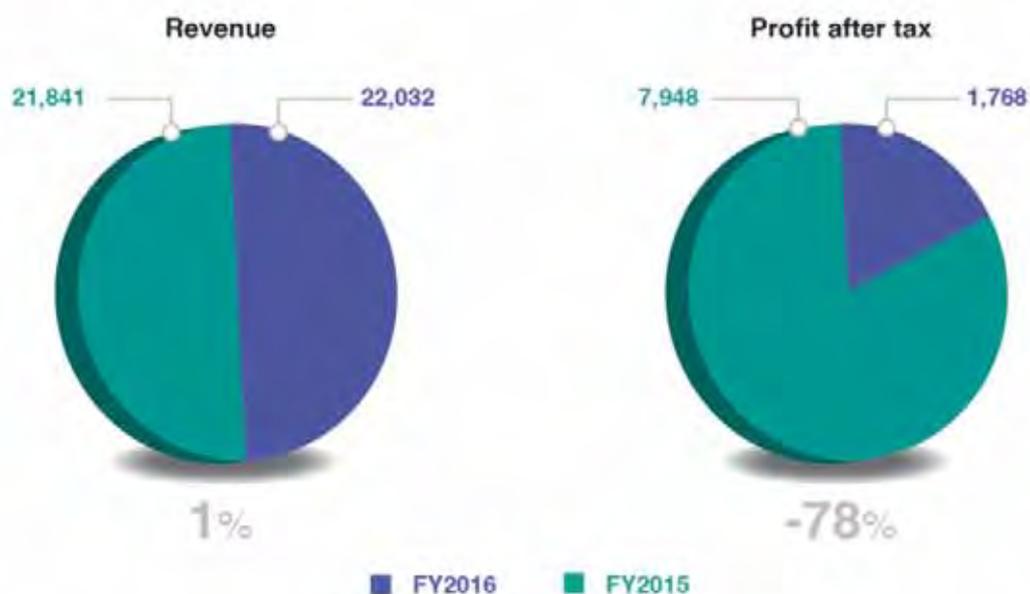
In Tourism Division, Palace Vacation Club recorded revenue of RM9.9 million in 2016. Segment loss of RM2.8 million was recorded for the current year as compared to segment loss of RM3.2 million in the preceding year. To strengthen this segment, generation of leads via participation in international and tourists events and exhibitions as well as with appointment of marketing agents in Dubai and Saudi.

Palace Vacation Club is a membership designed to provide its members the opportunities to enjoy vacations, creating priceless memories at places beyond the regular destinations with freedom of choices available only with a timeshare network. The membership ensures and maintains the affordability and flexibility of family vacations with choices of over 100 internal and direct affiliation resorts - both at local and international destinations.

Key Facts & Highlights for Palace Vacation Club

- One of the leading timesharing membership programmes with over 8,000 members and a choice of over 100 internal and direct affiliation resorts.
- Affiliation resorts destination includes China, India, Indonesia, Thailand, Philippines, Australia, Spain, United Kingdom and USA.
- Newly added resorts include Bukit Gambang Resort in Pahang, Ancasa Residences in Port Dickson and Club Emperor in Sanur, Bali.
- Through our affiliation with RCI, the world's largest resort exchange company, members can access to 4500 resorts in over 100 countries.
- Member Services team has successfully processed 10,441 reservations for the year of 2016.
- Palace Vacation Club has appointed marketing agent in Dubai and Saudi Arabia to market Palace Vacation Club membership in Middle East countries. New market to explore includes India, Indonesia and China.

PROPERTY INVESTMENT



The Property Investment Division contributed RM22.0 million to the Group's revenue as compared to RM21.8 million in the preceding year. The major source of income of this division is mainly from the rental of offices at the MINES Waterfront Business Park (MWBP). Same goes to MIECC, the income is derived from events and hall rental.

The Property Investment Division entails the rental business of the Group. It involves two properties, MINES Waterfront Business Park (MWBP) and MINES International Exhibition & Convention Centre (MIECC). MWBP is the only office address with an expansive view of 150-acre lake, a 18-hole signature golf course and luxury landed property within 1 km radius, surrounded by lush and lavish landscaping.

Management Discussion and Analysis

MINES WATERFRONT BUSINESS PARK

With breath taking views over a 150-acre lake, a world-class golf course and award-winning landscape, MINES Waterfront Business Park (MWBP) is an excellent working environment in the Southern Corridor which encompasses of the growing areas of Kajang, Cheras, Puchong, Serdang, Ampang and Bukit Jalil.

MWBP, a corporate office well planned by visionary developer from the very beginning and strategically, located in front of BESRAYA Highway with connectivity to 8 major highways, also commands a sensational lake & golf course view. "The Best of Both Worlds", summarises the working experience of the office tenants at MWBP. It is all elite golfers' dream office, yet it is sited right in the heart between most major destinations.

While maintaining almost 69% occupancy rate and proudly tagged as the corporate addresses for many well-established multinational companies.

MINES INTERNATIONAL EXHIBITION & CONVENTION CENTRE

MINES International Exhibition & Convention Centre (MIECC) is the largest column-free exhibition venue with the biggest tonnage capacity per square meter in Malaysia. It provides a great and magnificent venue for multi-purpose usage that can cater large crowds and elaborate events, trade shows, symposiums, expositions, major gatherings, concerts, corporate functions and dinners.

Situated within MINES Wellness City and a stone's throw away from renowned establishments such as Palace of the Golden Horses, MINES Wellness Hotel, The MINES Shopping Mall and the exclusive MINES Resort and Golf Club, events at MIECC enjoy the upper hand of convenience by having an array of facilities and amenities at its door step.

Being strategically located just 20 minutes from the Kuala Lumpur City Centre or from the administrative capital of Malaysia, Putrajaya, the centre boasts the largest column-free exhibition space in the country with a width of 160 ft, a length of 660 ft, a height of 50 ft, and a floor load of 3 tonnes per square meter.

To constantly promote the importance of reading and to cultivate the habit of reading amongst Malaysians, MIECC has continued to organise World Chinese Book Fair. Known as the "Largest Chinese International Book Fair" in Malaysia and has obtained official recognition by the Malaysia Book of Records. The event was held in tandem with our mission to make MIECC the premier MICE venue in the region.

With its ideal location, surrounded by a world-class golf course, resort hotel and shopping mall, MIECC has also been the choice for many prominent events in 2016 such as:

- 2016 Herbalife Spectacular Convention
- HSBC Global Service Centre
- Cyberjaya Annual Dinner
- Malaysia Auto Show 2016
- HALAL Fiesta Malaysia (Halfest)
- Standard Chartered Malaysia Annual Dinner
- Selangor International Expo
- Kuala Lumpur Engineering Science Fair (KLESF)
- World Chinese Book Fair
- The Big Bad Wolf

HUMAN CAPITAL DEVELOPMENT

The Group's efforts to attract, retain and motivate employees are pursued under CHampS! (Country Heights Amazing PeopleS!) underscores our strong believe that all CHampS! under different business units work towards one goal, one culture and one direction to deliver high quality and excellence in their work - **Think Alike. Act Alike and Like Minded.**

We continue to enhance our management processes and workforce related programmes in order to drive emphasis on performance, efficiency and ethical behavior.

Succession planning remained a high priority to identify potential leaders for critical positions throughout the Group. Various talent engagement programmes were conducted during 2016 to increase employee engagement, such as management dialogues and town hall sessions which provided a platform for top talents to interact with the Executive Chairman on current issues.

ECONOMIC OUTLOOK

The international economic and financial landscape are likely to remain challenging and will be the key factor that influence the prospects of Malaysian economy. Bank Negara reported that economy registered a growth of 4.5% in the fourth quarter of 2016, underpinned mainly by continued expansion in private sector spending and additional support from net exports. On the supply side, growth continued to be driven by major economic sectors.

2017 OUTLOOK

- Domestic demand is said to be the key driver of growth, sustained primarily by economic activity from the private sector.
- Due to the well diversified nature of our country's exports, positive growth is projected into the year. However, inflation is expected to remain flat although pressured by increase of several price-administered items and the weak ringgit exchange rate.
- The impact of these cost factors on inflation is expected to be mitigated by continued low global energy prices, generally subdued global inflation and more moderate domestic demand.
- Supportive fiscal and monetary policies are also expected to help steady the ship for economic growth.
- GST will strengthen the government's revenue source to accommodate its fiscal measures.
- With the overall weakening ringgit, low crude oil prices coupled with worldwide geo-political issues will continue to plague the economy in 2017.

REAL ESTATE MARKET OUTLOOK IN MALAYSIA

- As uncertainties and concerns over the large market supply remains unabated, loan growth is expected to slow further as the weak credit cycle continues.
- Apart from the stringent loan requirements from financial institutions that are said to have caused the drop in the number of property transactions, the increasing cost of living and economic uncertainties have led to an upswing in worries about job security, resulting in more cautious consumer spending. These and more will have led the market to consist of more genuine purchasers with speculative sentiments not as strong as during the boom period.
- As such, supply has remained resilient with greater activity in larger cities. The proposal to boost public servants' housing loan eligibility proposed by the government, may stimulate some residential sales, apart from other plans to increase the number of units of low and medium cost, affordable housing. No doubt residential development will continue to be active beyond the KL fringe, especially supported by the rapid infrastructure development.

Management Discussion and Analysis

MOVING FORWARD

To increase the revenue and business growth of the Group, we will strengthen our property segment and focus on the development projects in the pipeline scheduled for launching in 2017-2018, which mentioned above:

- College Heights Garden Resort: 28 units of 2-storey shop-office
- College Valley Industrial Park: 60 units of single-storey shop-office
- Country Heights Damansara: Subdividing Bungalow Land
- Country Heights Kajang: Kajang Commercial Centre
- Mines Waterfront Suites: Block 6 & 7
- College Heights Utara: 200 units of PPAIM (Perumahan Penjawat Awam 1-Malaysia) scheme on 200 acres land
- Belleza Garden Homes Phase 3 at Jitra, Kedah
- Aqualis: 600 units serviced residential apartment
- Venice North: Retail Shop & Serviced Hotel
- Mines Wellness Hotel Suite: Serviced Apartments

The Group is constantly seeking to strategically expand its sizable land bank via acquisitions and strategic joint venture arrangements to enhance its future earnings growth while focusing on leasing and rental activities.

On the Hospitality Division, focus is given to refurbish the Palace of the Golden Horses, strategic partnership and measures have been put into place to counter low occupancy rates with more international and local corporate events and promotions to help stimulate the business.

The year in review proved to be exceedingly challenging as weak market fundamentals, unprecedented, price volatility and persistently high costs continued to test the resilience of industry players across the board.

We are also confident that CHHB is better positioned to serve the needs of customers going forward and confident that CHHB is committed to the long-term investment and development of the business.

Approach and Strategy:

- Strategic business plan with feasibility study on products and services
- Compliance and corporate matters - Emphasis on business implications of regulations
- Merger and acquisition
- Focused budget, continued cost control and corporate scorecard
- Targeted marketing and sales and re focus on the Malaysia My Second Home (MM2H) programme
- People, Value and Culture: **Think Alike. Act Alike. Like Minded.**

SUSTAINABILITY STATEMENT

OVERVIEW

Country Heights Holdings Berhad strives to gain a competitive edge and maintain sustainability to build a strong Human Resources Development foundation. Since 2012, the Group is dedicated to transform its Human Resource initiatives by formulating systematic programmes for its employees towards a purposeful and effective workforce.

The launch of "CHampS!" – Country Heights Amazing PeopleS! (Plural of people, Def : a body of persons that are united by a common culture, tradition, or a sense of kinship) is to create a common identity among all employees under different business units towards one goal, one culture and one direction.

OBJECTIVE

The primary objective of CHampS! is to provide programmes that resonate with their employees, allowing them to be a proud CHampS! The programmes also aim to create unity, inclusiveness and a heightened awareness and energy amongst employees.

Each employee is recognised as a CHampS! and abides by the common values listed below as a guide in one's individual conduct in the working environment.

Country Heights AMazing PeopleS!

- C - I am Caring & Committed!
- H - I am Healthy & Honest!
- a - I am Appreciative and Assertive!
- m - I am Mannered & Motivated!
- p - I am Persistent & Positive!
- S - I am Sincere & Successful!
- ! - Oomph! (Energy)

Industry	Conglomerate
Staff Strength	755 staff
% of Female Labour	313/755 = 41.46%

“ Since 2012, the Group is dedicated to transform its Human Resource initiatives by formulating systematic programmes for its employees towards a purposeful and effective workforce.”

EMPLOYEE WELFARE

Leadership support has been fundamental to the success of the Company's programmes. With the strong support and transparent lines of communication, the Company is able to focus its efforts on the following initiatives:

- **Extended maternity leave**
Additional 30-day half-day maternity leave with full pay on top of the 60 days paid leave as per the statutory requirement.
- **Dedicated breast feeding room and refrigerator for breast feeding mummies.**
- **Designated car park**
Allocated car park facilities located closer to the office for mothers-to-be during their pregnancy.
- **Flexi-work arrangement**
Flexi-hours for pregnancy check-ups as and when needed to ease regular doctor's visits. At supervisors' discretion, expecting employees are allowed to start work after their doctor's visits as opposed to taking the full-day off for check-ups.

Start of CHampS!

In line with our commitment to listen to employees, the management has enabled various platforms to share their thoughts and feedback on current and upcoming initiatives.

With the ideas and feedback gathered from the employees, CHampS! was launched and announced at "Yay! Day", which is an annual conference attended by all employees, to kick-start the financial year. To build on the enthusiasm of CHampS!, internal memos and roadshows are regularly organised and coordinated todate to continuously advocate the initiative to employees.

Ongoing Initiatives

The initiative has been well received with positive feedback from the employees, who have adopted the initiatives fairly quickly which made the Human Resources team's job much smoother.

Also recognising the importance of integrating our new joiners to the organisation, each new joiner is provided with thorough briefing of the organisation's culture and initiatives during the Induction Programme.

“With the ideas and feedback gathered from the employees, CHamps! was launched and announced at “Yay! Day”, which is an annual conference attended by all employees, to kick-start the financial year.”

Challenges

While employees are happy about the overall programme, the challenges faced were at the start of the implementation process where the project team had to ensure a solid communications plan was in place to reach out to over 755 employees. As we have a very diverse workforce, the project team had to ensure its communication plan reached all employees.

Sustainability of the initiatives is the other key area that the top management placed emphasis on. HR is tasked to monitor the initiative closely to ensure it remains sustainable and beneficial to employees. Since the launch in 2013, CHampS! is not only managed to sustain all its initiatives, but also continued introducing better programmes for all.

Outcome

Through our commitment of being a caring and supportive employer, the Group has been successful at leveraging the value of our HR initiatives and translating these values into positive outcomes as outlined below:

- Employee engagement survey results shows that 93% of CHampS! love what they are doing while 85% are proud to be CHampS!
- Women comprise more than 56 percent of the managerial group.

The Group believes that their initiatives have been successful in retaining key talents and maintaining a positive employee engagement level. This has helped create a harmonious working environment where expectations between management and employees are verbalised and understood.

To continue our efforts in achieving the organisation's goals, the management is committed to continue working closely with CHampS! Club to explore more programmes that will benefit its employees. In the near future, HR also intends to formalise a *flexible work arrangements policy*.

Success Factors

- Leadership
IDEA BANK, an email account operates as a direct channel communication for employees from all levels.
- Organisation Alignment
Embedded culture of common core values lived by employees.
Clear and transparent communication through IDEA bank, Quarterly Management Reviews, Yay! Day and other Supervisor-employee engagement sessions.
- Marketplace Connection & CSR-related Initiatives
Contribution to the larger community to encourage its employees to be socially responsible.

“ To continue our efforts in achieving its organisation's goals, the management is committed to continue working closely with CHamps! Club to explore more programmes that will benefit its employees.”

“If your plan is for one year, plant rice; if your plan is for ten years, grow trees; but if your plan is for a hundred years, educate your people.”

Human Development

All our divisions give importance to our own staff development at their work regardless of their job grading. They ensure to continually upgrade themselves to the next level and contribute effectively to the growth of the Company as well as to inspire co-workers.

Human Resource Division is dedicated to empowering our staffs to become a highly skilled, competitive workforce. In program year 2016, Human Resource Division offered a number of training programs. It implemented and administered a variety of training initiatives and programs throughout the organisation.

Training Programmes

Health Division:

- CME Training
 - Critical Medical Education & Training, Inc., (CMEs Training), is committed to improve the quality of healthcare by providing new skills and knowledge as it becomes available through continuing education. Whatever your goal – whether it be career enhancement, personal or re-licensure, CMEsTraining will provide continuing education to the disciplines it supports through Professionalism, Respect, Integrity, Dependability and Evaluation, (PRIDE)
- What's new in Breast Cancer
 - breast cancer knowledge with current screening and risk factor developments, treatment options, the latest research developments, and survivorship care planning standards with the Breast Cancer
- 2ND Malaysia Productivity – Linked Wages Conference (PLWS)
 - benefits to be obtained by the employers and employees when PLWS implemented, the sharing session by the Company's PLWS
- Internal & Awareness Program
 - Internal training for all Operation Staff and Doctor to give awareness on Fire Fighting Equipment, Fire Awareness and Fire Prevention Knowledge.
 - The objective of training is in our daily busy work life we tend to be ignorant that accidents can happen everywhere.

Group Corporate and Finance:

- Good and Services Tax (GST) & Corporate Tax Talk by PricewaterhouseCoopers Taxation Services Sdn Bhd
- The Malaysian Institute of Chartered Secretariat and Administration (MAICSA) Annual Conference 2016: Sustainability - Shaping the Future
- The New Companies Act 2016: The Significant Changes and How They Affect the Company
- MAICSA Symposium 2016: Companies Bill 2015 Navigating the Changes
- 2017 Budget Seminar
- Managing Your Tax Affairs in the Current Economic Environment
- Seminar on Companies Bill 2015

Hospitality Division:

Training Title	Description
Cost Control Training	To enhance cost control management skill
Synergy Food Academy	To provide food handling training
Business Skills vs Entrepreneur Thinking	To develop business and entrepreneur skills
Telephone Handling Training	To improve professional telephone techniques and skills
Fire Awareness Drill	To form ERT Teams and train Security Officers and staff about the fire drill
Customer Service	To improve on Service Culture Attitudes for staffs
First Aid Briefing	To provide First Aid training for staffs
Train the Trainers (Brownland)	To train HOD/Associates to deliver courses, training and seminars
Conference on Labour Laws (AHE)	HR / Labour Laws changes and their impacts
Customer Service	To improve on Service Culture Attitudes for Staffs
F&B Service (Jabatan Pembangunan Kemahiran)	Operations of Food & Beverage Service
Digital Sales Marketing (Mega Asia Capital)	To understand the connection between the online platforms on marketing optimisation and SEOs
Malaysian Greetings	To educate staff to do Salam Sejahtera to all hotel guest and co - workers
Grooming Standards	To educate staff on PGH grooming standards
BID Workshop	Workshop which encompass fundamentals of a bid process and technical arequirements to Organizer/ planners to deliver winning bid.
Telephone Skills	To improve professional telephone techniques and skills
Effective English Communication Skills	Course designed to improve staff English - listeningand speaking

Sustainability Statement

Training Title	Description
HR Brifieng - 'Ideas from Graduates'	Feedback from staff to improve services and revenue of hotel
Guest Service 'I am the Guest Experience'	To improve on Customer Service & Service Culture Attitudes for Staffs
Customer Service	To improve on Service Culture Attitudes for Staffs
Hotel Fact Sheet Orientation	To refresh staff knowledge on products and services
Make up and Grooming Class (Mary Kay)	basic grooming and make up for female staffs
Chemical Product Knowledge	Proper product knowledge of chemical

Team Work

Palace of the Golden Horses team has organised a 'Gotong Royong' activity to clean up their own premises with help of own staff. The purpose of the gotong royong is not only about the cleaning but it's about taking ownership of work place and responsible for their work place. Each of staff is participated with full energy and shows their team work ability. The management was very happy with their contribution and support from their staff.

Every year Borneo Highlands Resort team will participate in Padawan Water Rafting Competition. The core of the competition is to enhance participant's teamwork and instils fighting spirit among team. As it's also help to build a good rapport with the local authorities, other government private agencies and sectors as many government and non-government bodies will participate in this activity and at same time also help to promote our Borneo Highlands Resort branding.

Sustain Culture

Every year, our Borneo Highlands Resort will celebrate Hari Gawai closing ceremony along with Staff party, in line to appreciate the Mother Nature and its food also ushering another year of bountiful goodness. Many activities have been lined up to celebrate among staff. The ultimate purpose of the celebration at workplace is to respect each and another's belief and culture and sustain the culture and great co-operation among team to make the event successful.

“The ultimate purpose of the celebration at workplace is to respect each and another's belief and culture and sustain the culture and great co-operation among team to make the event successful.”

COMMUNITY CARE

DENGUE FREE MALAYSIA MOVEMENT

April 2015: The Launch of 'Dengue Free Malaysia Movement'.

The employees donated time and efforts to its CSR 'Dengue Free Malaysia Movement' held on 4 April 2015 to fight the dengue epidemic. More than 2,000 over enthusiastic volunteers attended the launch campaign which was graced by HRH Tengku Amir Shah Ibni Sultan Sharafuddin Idris Shah Alhaj. About 20 NGOs and associations have pledged their commitments to be part of this initiative.

Many Malaysians are still unaware about the dengue outbreak and its seriousness as well its prevention steps. Through the roadshow we have managed to give as much information and preventive steps through brochure, posters and word of mouth. DFMM has continued to create as much awareness among public about Dengue and its danger and ways to prevent it. We have done quite a number of roadshow at public crowded places such as shopping malls, Transportation hub (KL Sentral)

- 16 April 2016, Awareness Roadshow @ The Gardens Mall.
- 10 May 2016, Call for Action, Dengue Free Malaysia @ Mid Valley Mega mall.

Our WAR will continue.

BLOOD DONATION DRIVE – SAVE THE LIFE

ChampS! Club (A club for Employee) has organised annual blood donation drive at the Head Quarter of Country Heights Holdings Berhad on 24 February 2016 and have managed to collect 60 pint of blood packets.

The objective of this campaign is to raise awareness on the importance of blood donation and help to reduce the insufficiency of blood supply at the National Blood Centre. The demand for blood is actually bigger than the supply due to fear and lack of awareness. Many people out there seem donate blood in cases where relatives/friends are hospitalised. This needs to change if we are to have a consistent supply of blood at any blood center. Therefore, we educate and create awareness among our employee about blood donation and its vital role in other people life direct and indirectly. Most of our employee are became regular blood donor. Besides that, it's also help to instill our employees LOVE value towards humankind.

According to the World Health Organisation (WHO), adequate supply of blood can only be assured through regular donations by voluntary unpaid blood donors and its goal is to ensure that all countries obtain all their blood supplies from voluntary unpaid donors by 2020.

The Group also has pledged to continue the blood donation drive every year and would love to save most number of lives.

Moving forward, the management has decided to organise more employees orientated and community focus activities as well cultivate good culture in the aspect of nature, love and integrity.

“The objective of this campaign is to raise awareness on the importance of blood donation and help to reduce the insufficiency of blood supply at the National Blood Centre.”

PROPERTY DEVELOPMENT



CHHB's Property Development Division continues to deliver strategically located premium and modern developments that infuse green concepts. For instance, LakeView Residency is the first development in Malaysia to introduce 'negative ions' energy ceiling board to home buyers. The energy ceiling board works as a natural ionizer and air purifier for health benefits. This purification process improves air quality by purging air-borne particulates such as dust and germs. With the installation of the energy ceiling boards, LakeView Residency homeowners may enjoy a fresh, clean and healthy environment.

2016 saw new developments namely MINES Waterfront Office Suites in Seri Kembangan, Belleza Phase 3 in Kedah, and Sawtelle Suites in Cyberjaya.



MINES WELLNESS CITY



Mines Wellness City (MWC) is the Malaysia's first integrated Health and Wellness Resort City. As a major socio-economic catalyst for Southern Kuala Lumpur, MWC is strategically located between Kuala Lumpur and Putrajaya. MWC's development area span across 120 acres. A new 36 million sqft will be built to cater to hospitals, specialist clinics, aged-care facilities, health screening centres, residential units, office spaces, retail shops and community mall. It has an estimated GDV of RM14.0 billion with FDI opportunities of over RM3.1 billion.

MINES WATERFRONT SUITES

MINES Waterfront Office Suites is an exclusive development comprising of 268 units of office suites specially designed to meet the needs of health and wellness operators with built up areas varying from 481 sqft to 1,220 sqft.

Located within the enclave of the MINES Wellness City, every unit comes with either the view of the prestigious MINES Golf Course or the fascinating view of MINES Lake besides being furnished with dual water sources and individual restrooms. MINES Waterfront Office Suites will be equipped with a fitness centre, cafes, a 30,000 sqft retail spaces for wellness businesses to operate.

Launched in fourth quarter 2014 and MINES Waterfront Office Suites is expected to be completed by quarter four 2017. Currently, MINES Waterfront Office Suites has reached 90% construction stage.



MINES WATERFRONT SUITES

Property Development



LakeView Residency is located in the resort inspired Cyber Heights Villas and offers uninterrupted panoramic view of the Putrajaya Lake. The LakeView Residency comprises of three blocks of 11-storey resort apartment with a total of 120 units. All units are corner lots with only four units per floor, creating a personal sanctuary of space amid serene surroundings.

LakeView Residency is the first development in Malaysia to introduce 'negative ions' energy ceiling board to home buyers. The energy ceiling board works as a natural ionizer and air purifier for health benefits. This purification process improves air quality by purging air-borne particulates such as dust and germs. With the installation of the energy ceiling boards, LakeView Residency homeowners may enjoy a fresh, clean and healthy environment.

LakeView Residency obtained the Certificate of Completion and Compliance in July 2015 and has been successfully handed over to all owners.



**LAKEVIEW RESIDENCY @
CYBER HEIGHTS VILLA**



**SAWTELLE SUITES @
CYBER HEIGHTS VILLA**



Located in Cyberjaya, Sawtelle Suites is specially created to meet the contemporary lifestyle of the new generation. Designed to bring out the best in work productivity and leisure while at the comfort of a home, Sawtelle Suites are furnished with incredible features to support and enhance living quality of its residents. The facilities include a multipurpose hall, swimming pool, gymnasium, and retail units.

Sawtelle Suites is a low density development with only 128 units of duplex condos spreading across 1.6 acres of land in Cyber Heights Villa. Like the rest of the Cyber Heights Villa community, Sawtelle Suites residents will be able to enjoy the scenic view of Lake Putrajaya from their homes. The construction work has completed in January 2017 and expected CCC in second quarter of 2017.



AQUALIS

AQUALIS

Aqualis is a premium development that spreads over 3.0 acres of land located in MINES Wellness City. Aqualis consists of 600 units of mid to high-end service apartment and 28 retail units. Residents and patrons will enjoy unobstructed views of the MINES Lake and the MINES Golf Course from their units. Construction for Aqualis is expected to begin in the fourth quarter of 2017 or first quarter of 2018 and expected to complete in 2020.



THE MINES BUNGALOW LOTS



COLLEGE HEIGHTS GARDEN RESORT

THE MINES BUNGALOW LOTS

Fine Living At The Mines

MINES Bungalow is located inside MINES Resort City in Seri Kembangan, Selangor and is a distinguished address at a prime location. Nestled within a world-class golf course, luxury homes at the MINES satisfy all serene living requirements with a scenic lake that separates the estate development from the highway and commercial buzz. Consisting of 200 plots of bungalow land dotted along the exclusive 18-hole golf course, all home lots are designed with lush landscapes and beautiful gardens.

An address synonymous with quality and privacy, MINES Bungalow is a sought-after address for homeowners who understand and appreciate the finer things in life.



College Heights Garden Resort, located in Pajam, Negeri Sembilan is Malaysia's first of a kind academic township. This residential development offers a resort lifestyle and luxurious bungalow lots set amongst spacious gardens and a community devoted to learning at all levels – from kindergarten to tertiary education. College Heights Garden Resort is designed to incorporate all the right elements, of beauty and tranquillity that befits an academic township.

Located within the neighbourhood is an affordable development – Apartment College Heights. This development consists of 1,282 completed units of homes spread over 17 blocks of 4-storeyed buildings developed within 20 acres of land area. Apartment College Heights can be accessed via KL- Seremban Highway, Kajang-Seremban Road and LEKAS Highway.

Property Development



COUNTRY HEIGHTS KAJANG

COUNTRY HEIGHTS DAMANSARA

Country Heights Kajang

Country living at its best

Country Heights Kajang was launched in 1985 and it is Malaysia's first "country living" inspired development, touted to be the "Beverly Hills of Malaysia". This development consists of 700 acres of freehold land with bungalow home lots ranging from 8,000 sqft to 20,000 sqft. This residential area offers a relaxing lifestyle that allows its community to enjoy a peaceful lifestyle in a quiet environment, away from the hustle and bustle of the city centre.

This development is sought after due to its value appreciation of almost 50 times since it was first launched. Other than being home for many Malaysian elites, Country Heights Kajang is also a preferred residential area for professional expats living in Malaysia. Located within the vicinity is a sub-development of known as Country Villa which offer Malaysia's first Mediterranean-style waterfront villas complete with facilities such as a clubhouse, swimming pool, tennis courts, badminton courts, F&B outlets, meeting and conference spaces. Like all Country Heights homes, Country Villas is an environmentally-conscious home designed with elegance and taste and incorporated into the surrounding nature.

COUNTRY HEIGHTS DAMANSARA

A little Forest in Kuala Lumpur

Country Heights Damansara spreads over 200 acres of freehold land among lush and hilly foliage. This low-density enclave offers the best in natural beauty and location and is one of the last remaining freehold land neighborhoods in Kuala Lumpur.

Country Heights Damansara comprises of 342 bungalow lots and a residential enclave of less than 2 units per acre. It is Malaysia's first property with an innovative scheme of CHIPI. Landowners and purchasers become instant millionaires and have enjoyed tremendous appreciation value over the years in their investment with this development. Country Heights Damansara has been recognised with awards by the international real estate fraternity, winning the Best Development Malaysia by CNBC Asia Pacific Property Award in 2008, and the Asia Pacific Residential Property Awards in association with Bloomberg Television as Highly Commended Development Malaysia in 2010.

Property Development



Cyber Heights VILLA IN AN INTELLIGENT CITY, CYBERJAYA

Cyber Heights Villa – a sustainable resort-themed development inspired by nature strategically located within one of the world's most prestigious intelligent cities and Malaysia's Multimedia Super Corridor. Cyber Heights Villa boasts having the vast magnificent Putrajaya Lake as its backdrop.

To date, Phase 1 development of 510 units (Cyber Heights Villa) and 14 units (Cyber Residency) of low rise apartments are fully completed and occupied. Residents will enjoy the amenities provided in the Clubhouse including swimming pool, meeting room, function hall, tennis court, laundry, convenience shop and restaurant.

Phase 2 consists of two projects – LakeView Residency which has been completed in July 2015, and Sawtelle Suites which is completed in January 2017. This eco-centric development harmonizes with the adjacent serene lake and parks.



CYBER HEIGHTS VILLAS



BORNEO HIGHLANDS RESORT

Borneo Highlands Resort is located approximately 60 minutes' drive away from the Kuching International Airport and situated 1,000 meters above sea level on the Sarawak-Kalimantan Indonesia border.

Nestled amongst the oldest and second largest tropical rainforest in the world, Borneo Highlands Resort features an 18-hole golf course and 30 rooms boutique hotel. The development offers private and low-density bungalow lots for investors and holiday home owners a sense of "heaven on earth". The Rainforest Haven at Borneo Highlands Resort is one of the most exciting residential developments in Southeast Asia with the tagline, "The World's First Highlands Holiday Home in a Rainforest". Borneo Highlands Resort won the 'Best Golf Development Malaysia' in the CNBC Asia Pacific Residential Property Awards in 2008 and 2010.

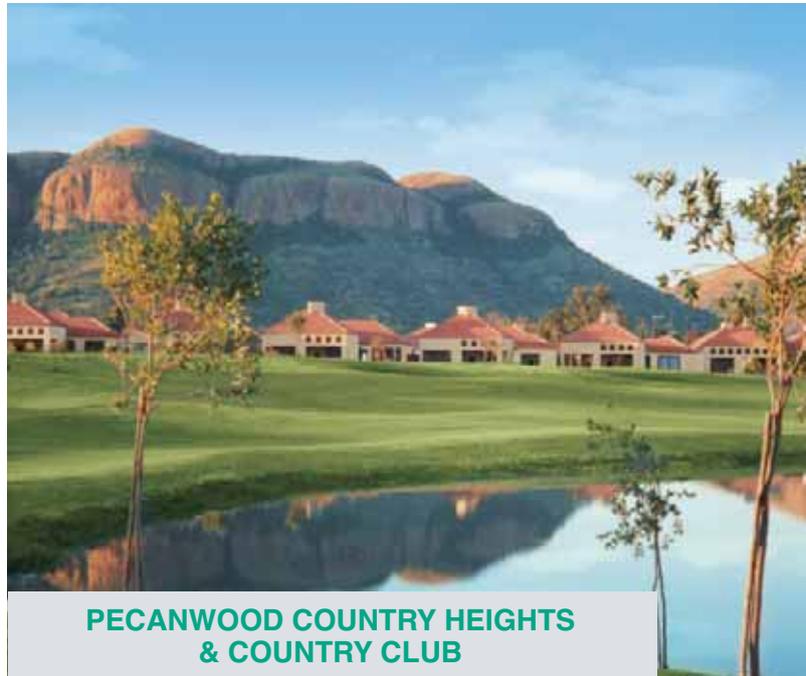


BORNEO HIGHLANDS RESORT

Property Development



Located outside Johannesburg, South Africa, Pecanwood features a world-class tournament 18-hole golf course designed by golf legend Jack Nicklaus. A vibrant symbol for the local community, its club house further hosts an array of facilities such as a driving range, gym, health spa, tennis courts, conference rooms, and activity spaces that include private indoor functions, outdoor dinners and weddings and a private marina boat club. Pecanwood also offers prime real estate for beautiful home lots with stunning views of the golf course and Hartbeespoort Dam.



PECANWOOD COUNTRY HEIGHTS & COUNTRY CLUB



Hub 88 consists of 28 Office Shop lots and 60 Terrace Factory lots which located in Pajam, Negeri Sembilan. Less than 10 years ago, Pajam was just a small town in the Northern part of Seremban with less than 500 families. The LEKAS Highway completion was the main catalyst that transformed Pajam into a bustling town with over 30,000 residents in the area.



HUB 88



KOLEJ HEIGHTS UTARA

KOLEJ HEIGHTS UTARA
KUBANG PASU
A Paradise For Country-Style Living

Kolej Heights Utara is another premium development by Country Heights Holdings Berhad undertaken by its wholly owned subsidiary, College Heights Utara Sdn. Bhd. Spread across 489 acres of prime freehold land of Kubang Pasu, Kolej Heights Utara consists mainly of bungalows and super-linked residential units with manicured open space landscape, making it one of the biggest high-end, lowest density enclaves within the lowest density in the Kedah State. Kolej Heights Utara residences is well connected through a network of highways linking to Hatyai (Thailand), Kangar, Sultan Abdul Halim International Airport and Alor Setar and is renowned for its scenic pristine landscape tapestry that pays tribute to the beauty of Mother Nature. Belleza Garden Homes Phase 1 and 2 were fully sold and handed over to purchasers.

Another new development, Parcel B & C consists of 200 acres of proposed name as Bandar Baru Jenan is a mixed-used development for Jenan town. Belleza Garden Homes Phase 3, as a continuation to successful completion Phase 1 & 2, is a development emphasising on Lifestyle in a Gated & Guarded Community with linear gardens—the first concept being introduced in Jitra. 48 unit Shop Office Phase 2 will be pre-launched to accommodate demand on commercial premise at Kolej Heights Utara development.

PPA1M or Perumahan Pejawat Awam 1-Malaysia is a housing scheme to meet the needs of civil servants for housing. We received more than 2,000 registration of interest to purchase by civil servants. To meet the demand, proposed to increase 90 units project PPAIM to 200 units and relocated into part of Bandar Baru Jenan (200 acres).



BELLEZA GARDEN HOMES

Belleza
GARDEN HOMES

Belleza Garden Homes is located in the peaceful pastures of Kolej Heights Utara in Jitra, Kedah. An exclusive low density development in the private enclave of Kolej Heights Utara just 15 minutes away from the Alor Setar airport, Belleza Garden Homes is surrounded by lush greenery surrounding that truly lives up to their name. A gated and guarded community, this development represents the pioneer phase of the linear garden concept in the Northern region of Malaysia. It comprises of two and three storeyed terraced, garden homes with extensive backyards gardens integrating with an idyllic open-concept environment. The development boasts generous built up areas starting from 2,000 sqft.

Belleza Garden Homes Phase 3 is expected to be launched in first quarter, 2017 and full completion expected by 2018. Belleza Garden Homes Phase 3 is an exclusive freehold development in Jitra, Kedah consisting of 90 units of 2 Storey Linked Villas. It will have a similar concept as Belleza Phase with linear gardens and private lawns, the first of its kind in the Northern states, a gated and guarded community emphasising on security and safety of the owners with clubhouse facilities.

PROPERTY INVESTMENT



Property Investment Division entails the rental business of the Group. It involves two properties, MINES Waterfront Business Park (MWBP) and MINES International Exhibition & Convention Centre (MIECC). MWBP is the only office address with an expansive view of 150-acre lake and a 18-hole signature golf course and country homes in the distance, surrounded by lush and lavish landscaping.

With breath taking views, MINES Waterfront Business Park (MWBP) provides an excellent working environment in the Southern Corridor, which encompasses the growing areas of Kajang, Cheras, Puchong, Serdang and Bukit Jalil.

MWBP is a corporate office planned by a visionary developer from the very beginning. It is strategically located in front of the BESRAYA Highway with connectivity to 8 major highways. "The Best of Both Worlds" summarises the working experience of the office tenants at MINES Waterfront Business Park. It is the elite golfer's dream office and it is located at the artery between many key destinations.



MINES WATERFRONT BUSINESS PARK

MWBP maintains a 69% occupancy rate and is proudly tagged as the corporate addresses of many well established multinational companies like Measat Broadcast Network Systems (Astro), i-Sentia, Sapura Kencana, Sinopec Engineering Group, Mines Terrace Café, Smart Reader Worldwide, Maju Primus and Sanderson Design Group, Quantum March, Clement and Associate, and government-linked companies like Konsortium Baja Nasional, Sazean Holdings, Mynics Berhad and CyberSecurity Malaysia.

In line with our motto "Ever Searching for Better Living", MWBP continuously strives to give value added services to all its tenants. Free shuttle bus service is available for tenants to commute to and from the Serdang KTM Station and Sungei Besi LRT Station for the convenience of the tenants and easy traffic congestion in the area.

MWBP's management ensures that the safety of the tenants is being taken care of. We provide a safe working environment by providing security and surveillance systems, with scheduled patrols within the office and car park area, and a touch card access system for vehicles entering or exiting the premises. The management also upgraded the parking system and toilet facilities for the building.

The entire MINES area is a "Wellness Zone" and was awarded the MINES Wellness City (MWC) status by the government. With this MWC Status, various tax incentives are available to the operators, tenants and companies in the wellness or health services related industry.

MWBP is surrounded by convenient business amenities such as banking facilities, shopping malls, hotels and entertainment centers. There are plans to position MINES Waterfront Business Park as an education and health hub, coalescing with the new corporate building MINES Waterfront Office Suites scheduled for completion in fourth quarter of 2017.

MWBP continuously strives to give value added services to tenants by providing ample parking bays with 24-hour security and offering competitive corporate rates at our world-class luxury hotels, The Palace of the Golden Horses and MINES Wellness Hotel. Tenants can house their foreign guests and visitors at our hotels for their convenience.



MINES WATERFRONT BUSINESS PARK

MIECC

mines exhibition centre

MINES International Exhibition And Convention Centre (MIECC)

MIECC is the largest column-free exhibition venue with the biggest tonnage capacity per square meter in Malaysia. It provides a magnificent venue for multi-purpose usage that can cater to large crowds and elaborate events, trade shows, symposiums, expositions, major gatherings, concerts, corporate functions and dinners.

Situated within MINES Wellness City and a stone's throw away from renowned establishments such as Palace of the Golden Horses, MINES Wellness Hotel, The MINES Shopping Mall and the exclusive MINES Resort and Golf Club, participants at events held at MIECC enjoy exceptional convenience by having an array of facilities and amenities at its door step.

Strategically located just 20 minutes from the Kuala Lumpur City Centre or from the administrative capital of Malaysia, Putrajaya, the centre's column-free exhibition space has a width of 160 ft, a length of 660 ft, a height of 50 ft, and a floor load of 3 tonnes per square meter.

JANUARY

2016 Herbalife Spectacular Convention 15th -17th January 2016

Herbalife Spectacular Convention: The mega event was held to showcase the range of products and services, business successes and training session which was attended by more than 4,000 people.



AUGUST - SEPTEMBER

HALAL Fiesta Malaysia (Halfest) 31st August – 4th September 2016



HALAL Fiesta Malaysia (Halfest): MIECC was the venue of choice for this largest Halal fair in ASEAN. Halfest is designed to strengthen and stimulate local Halal industry before stepping into the global market. This showcase is an effective platform for entrepreneurs to promote and market their products to local consumers. Halfest attracted more than 500,000 visitors over the five-day event.

Selangor International Expo: MIECC is proud to be the official venue for this expo which is an annual international trade fair for businesses and investments that takes place in Selangor, the flagship business state of Malaysia.

OCTOBER

Standard Chartered Malaysia Annual Dinner
1st October 2016

Standard Chartered Malaysia Annual Dinner: MIECC was the venue of choice for Standard Chartered for the past two years and the event was attended by 2,000 employees.



Selangor International Expo
20th – 22nd October 2016



Selangor International Expo: MIECC is proud to be the official venue for this expo which is an annual international trade fair for businesses and investments that takes place in Selangor, the flagship business state of Malaysia. The second year of this event attracted more than 100,000 trade and public visitors.

NOVEMBER

Kuala Lumpur Engineering Science Fair (KLESF)

4th – 6th November 2016

The Kuala Lumpur Engineering Science Fair (KLESF): An initiative to promote interest in science, technology, engineering and mathematics among primary and secondary school students, this event attracted over 100,000 students and visitors.



World Chinese Book Fair

4th – 6th November 2016



World of Chinese Book Fair: Organised by MINES 567 Sdn Bhd, World Chinese Book Fair is listed as Malaysia's largest Chinese Book fair in the Malaysia Book of Records. With 150 exhibitors and over 600 booths occupying the exhibition space of 12,500 sq meters, the event attracted more than 350,000 visitors.



The Big Bad Wolf
4th – 6th November 2016

The Big Bad Wolf: The book sales has become an institution in Malaysia that is growing each year. The event attracted over 500,000 visitors.

Malaysia Auto Show
10th – 13th November 2016

The Malaysia Auto Show 2016: The autoshow has become the biggest composite annual automotive show in Malaysia with manufacturers and distributors of cars, bikes, trucks as well as aftermarket dealers exhibiting their products. More than 150 exhibitors from renowned vehicle brands, aftermarket and accessory products participated to lay out their extensive product ranges. Approximately 300,000 visitors attended this show.



HOSPITALITY



Country Heights Holdings Berhad's Hospitality Division carries four international award-winning brands, namely Palace of the Golden Horses, Mines Wellness Hotel (currently known as Philea Mines Beach Resort), Borneo Highlands Hornbill Golf & Jungle Club and Country Heights Resort & Leisure. Through this Division the Group offers the best in hospitality, fine and casual dining, leisure, recreational, health and wellness centres; confectionary and fitness. This serves as our continuous efforts to strive the ideal living concept of "Ever Searching for a Better Living".



PALACE OF THE GOLDEN HORSES - RICH OF THE HISTORY
Beyond Hospitality



Palace of the Golden Horses is indeed an enchanting palatial property in a class of its own – an ultimate venue for business, golf enthusiasts and health conscious guests, with numerous world-class luxury hotel awards under its name. It is no wonder that many distinguished guests have graced this hotel including Her Majesty Queen Elizabeth, His Excellency Prof. Dr. H. Susilo Bambang Yudhoyono, His Excellency Nelson Mandela, His Excellency Kofi Annan, HRH King Abdullah Abdul Aziz and Former PRC's President Jiang Zemin.

The hotel is known for its dedicated conference centre, the Sultan Salahuddin Abdul Aziz Shah Conference Centre, located in its very own private wing. Palace of the Golden Horses has the conference space of 15 meeting rooms equipped with state-of-the-art facilities, individual lighting control, audio-visual equipment, teleconferencing and internet broadband access. There are two ballrooms, namely the Royal Ballroom and Unity Room. The Royal Ballroom boasts a maximum seating capacity of up to 2,000. Another unique feature is The Theatre with 300 seats which can accommodate theatrical acts or corporate presentations.



Hospitality



The high standard of attentive service at Palace of the Golden Horses has been recognised with the international accolades for establishing the gold standard of hospitality service. Awards received include *Best MICE Facility and Service Hotel 2008* and *Best Innovative Chinese Restaurant 2008/2009* for Kim Ma Restaurant. The hotel has been awarded the title of 'Best Luxury Golf Resort' for the fourth year in running at the World Luxury Hotel Awards (2011-2014).

Palace of the Golden Horses has been the venue for many high profile events including the 1998 Commonwealth Games, Asia Pacific Economic Cooperation (APEC), World Cup Golf, Inaugural Women's World Cup Golf, Brazilian World Cup Team, the Non-Aligned Movement Summit (NAM), FEL World Cup Horse Jumping Final, Gourmand World Media Awards, Global Indian Film Awards (GIFA), Manchester United and Chelsea Asia Tour, CIMB Asia Pacific Classic PGA Tour 2010, Mercedes-Benz 125th Anniversary, Manchester City Asia Tour 2012 as well as Prestige Top 40 Under 40; to name a few. In addition to this, the hotel is the preferred choice among the Indian film industry with Kabali in the list; led by superstar Rajinikanth.

In 2015, Grand Salon Lobby Lounge is being transformed into a stylish grandeur fit for cocktail parties, private events, wine-tasting, fashion shows, fine dining and product launches. Additional to that, the Carriage, previously known as Side Walk Café completed its refurbishment in October 2016 and continues to offer delectable pastries, cakes, fruits, coffees and juices.

The hotel beckons travellers and offers 472 exquisite guestrooms and suites of which 20 are designed for Heads of States, one Host Nation Suite and one luxurious Golden Suite. There are also three restaurants, a lounge and a cafe, a business centre, a swimming pool and a fully-equipped gym. If that is not enough and you require more personalised attention from the hotel, you can request to stay on the Dignitaries Club Floor, where you can have the services of a butler, concierge and secretarial assistant. This floor also comes complete with a business centre and lounge.

For more information, visit www.palaceofthegoldenhorses.com.my.



MINES WELLNESS HOTEL
We'll Take Care of You



Nestled amidst the concrete jungle of Kuala Lumpur, MINES Wellness Hotel is an unexpected haven offering a full experience of sophisticated style, comfort, privacy and tranquillity.

Dubbed the only 'beach in the city', it is also the perfect choice not only for health retreats or weekend getaways, but also for garden weddings, beach barbeques, family days, team building events and other leisure or corporate activities. A delightful 120-room wellness hotel with a tropical design overlooking a scenic 150-acre lake, MINES Wellness Hotel provides the perfect escape from the hectic city life, just 15 minutes away from the Kuala Lumpur City Centre. It is a place where you look for a little piece of serene nature within the city. The hotel logo which has a representation of two leaves is derived from a Chinese word, 'Tao'. In Mandarin, the word 'Tao' means a path; to us, a way of living. It strengthens the hotel's concept of a unique way of living; focusing on giving our guests the best in hospitality and health standards. The leaf of MINES Wellness Hotel sprouts from ground and spans its leaves while growing towards the sunlight, withering its leaves as season changes and provides fertiliser to the ground – giving back to where it came from.

In line with the restructuring in the hospitality division, MINES Wellness Hotel was leased out effective from 1 August 2015 and has been rebranded as Philea Mines Beach Resort. The resort is managed by Philea group.

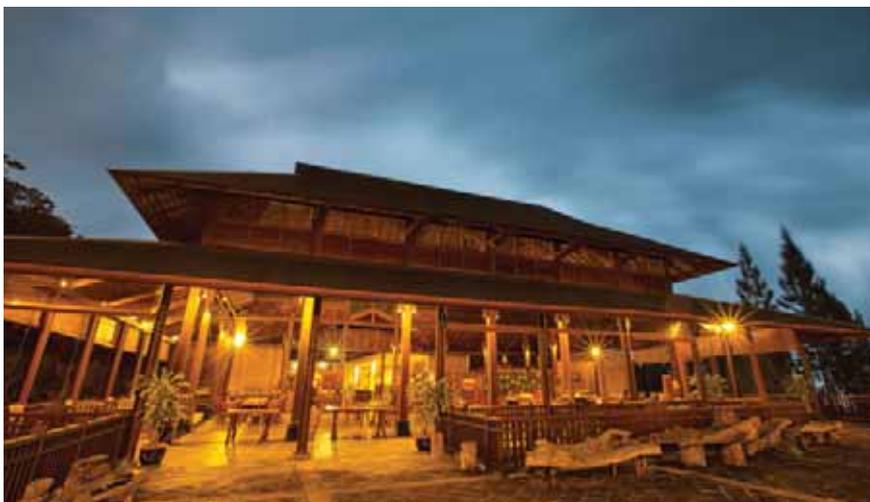
Hospitality



BORNEO HIGHLANDS HORNBILL GOLF AND JUNGLE CLUB *BACK TO NATURE, BACK TO BASICS*



Located just an hour's drive from Kuching International Airport, Borneo Highlands Resort is one of the most unique and exclusive eco-friendly resort developments in the region. The 5,000-acre resort nestles majestically at 1,000 metres above sea level within the oldest and second-largest tropical rainforest in the world. The Hornbill Golf & Jungle Club is a golfers' heaven with a beautiful 18-hole course which provides players with utmost serenity and calmness. Borneo Highlands Resort is surrounded by the lush rainforest with a refreshing year-round spring temperature of 18 to 28 degree Celsius. The botanical paradise is home to astonishing varieties of flora and fauna, with fresh air, cool mountain breezes and spectacular highland scenery. Nature lovers can enjoy the wonders of the plateau and there are activities for everyone. Visitors get to participate in a myriad of eco-tourism activities and revel in the wonder of nature through night trail adventure, music therapy, nature cleansing walk, waterfall bath, long house visit, orang-utan tours, stone painting, tree planting, star gazing and horse riding. The resort uses chemical-free cleaning supplies, provides employment to the local community and maintains a pollution free environment with clean air and clean water. Even the maintenance of the Hornbill Golf Course strictly adheres to the environmental conservation guidelines.





The awards and achievements received by Borneo Highlands Resort are:

- Accepted as an “IGOLF Laureate Course” by the International Golf & Life foundation which acknowledges courses that promote environmental and social responsibilities.
- Awarded as the “Best Golf Development (Malaysia)” by CNBC Asia Pacific Property Award.
- Awarded as the “Best Golf Resort” by the Expatriate Lifestyle’s Best of Malaysia.
- Awarded as “Asia’s Best Course in Malaysia (1st Runner Up)” by the Asian Golf Monthly Awards.
- Awarded with the “Toro Asian Golf Course Environment Award” in recognition of the dedication and commitment to all environmental aspects of the golf operations.
- Awarded the “Best Traditional Treatment” for the Peso Perong Therapy (Traditional Bidayuh Massage) by Malaysia Spa and Wellness Award.
- Launched as an Important Bird Area (IBA) status.
- Malaysia Organic Scheme certification of Borneo Highlands Resort’s organic farm by The Agriculture Department of Malaysia.

Ongoing projects:

- **Orchid Cultivation**

To become the biggest orchid cultivator in Malaysia. Starting off with a planning for 36,000 sq ft orchid greenhouse to be built with a production target of 100,000 orchids and export mainly to Japan and other destinations.

- **“Misai Kucing”**

Tea plantation garden concept with the aim to provide alternative attraction aside from viable/sustainable production of “Misai Kucing” tea for sale. “Misai Kucing” tea is used for treating the ailments of the kidney, since it has a mild diuretic effect. It is also claimed to have anti-allergenic, anti-hypertensive and anti-inflammatory properties, and is commonly used for kidney stones and nephritis. It is also used to treat gout, diabetes, hypertension and rheumatism. It is reportedly effective for anti-fungal and anti-bacterial purposes.

For more information, log on to www.borneohighlands.com.my.

Hospitality



COUNTRY HEIGHTS RESORT AND LEISURE



Ever Searching for Better Living



**Country Heights
Resort & Leisure**

Country Heights Resort and Leisure is located in Kajang interchange of North-South Highway which is only a 20-minutes' drive from Kuala Lumpur City and 5-minutes' drive from Kajang Town and Bangi. It provides accommodations, restaurant, sports and recreation and facilities for team building and management training, seminar and conference.

Accommodation

Resort style with a cluster of Mediterranean Villas surrounded by lush landscaped gardens and lakes, each tastefully furnished with 3 bedrooms and 2 bathrooms. Each villa is fully air-conditioned and comes with a living area, dining area and kitchen.

Restaurant

Flinders' Park Restaurant is an all-day dining restaurant with a view of the swimming pool which serves popular Malaysian and Western cuisine.

Seminar and Conference

Attractive meeting, seminar and conference facilities to suit any small or large functions, gatherings, meetings, seminars, team building training or any occasions. The rooms also cater to banquets for corporate functions, company outings or family day, weddings, anniversaries or birthday events.

Team Building and Management Training

Country Heights Resort and Leisure offers a conducive environment for team building, company outings and also company family days as well as large open fields, sports and recreations. Team building and character building courses can be conducted upon request.

Sports and Recreation Facilities

Country Heights Resort and Leisure also provides amenities within the clubhouse, as follows:-

- Indoor badminton courts
- Covered tennis courts
- Management training facilities
- Table Tennis
- Basketball court
- Netball court
- Mini soccer field
- Children playground
- Swimming pool
- Lakeside fishing
- Cycling
- Telematch
- Gymnasium

For more information, visit www.countryheightsresort.com.my.

GHHS HEALTHCARE AND TCM WELLNESS

GHHS Healthcare strongly advocates that "Prevention Is Always Better Than Cure", and integrates Western Medical Technology with Traditional Eastern Therapy to implement this philosophy.

The 5-star award winning hotel, Palace of the Golden Horses at The MINES Wellness City, GHHS Healthcare Screening and TCM Wellness Centre are the first in Malaysia to offer a one stop centre for medical tourism and a comprehensive preventive healthcare approach amidst an idyllic resort setting.

HEALTH



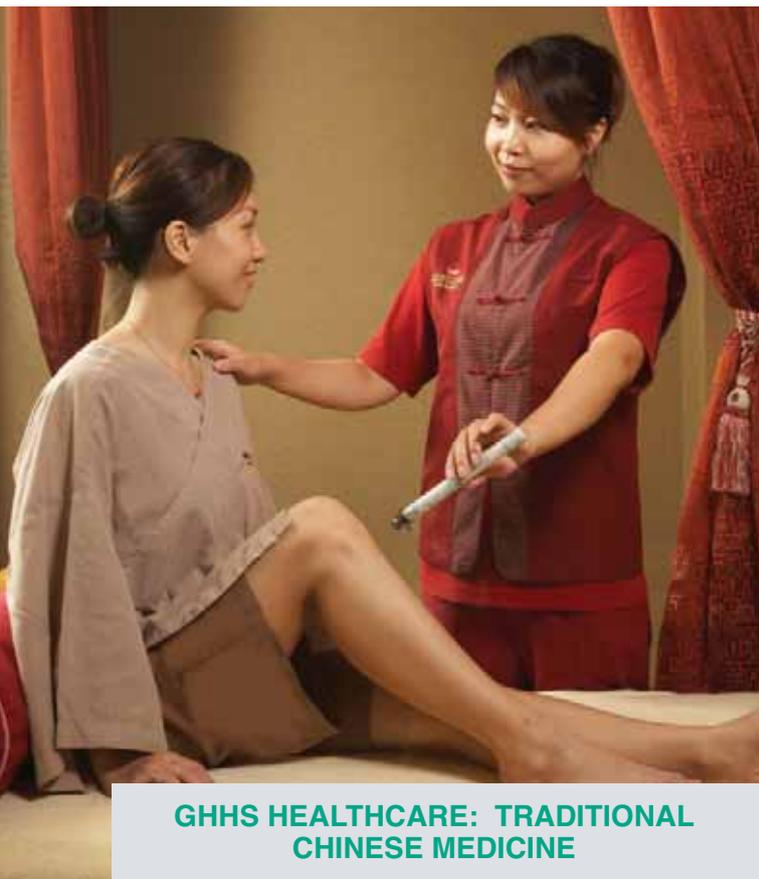
Health

With professional expertise and highly sophisticated diagnostic equipment, we are able to provide our members with the best care and technology available. Uniting the latest modern Western medicine and technology with holistic Eastern philosophy, GHHS Healthcare provides a wide spectrum of preventive and standard healthcare services.

The entire centre is surrounded by a green and relaxing resort environment, with your needs attended by experienced, qualified healthcare professionals. With a level of service comparable to any 5-star hotel, surrounded by health, tranquillity and relaxation, your experience will be anything but cold or clinical.

GHHS Healthcare provides health screening to the genetic level, screening your genes, cells and organs to determine your current health status and risk factors. These results are interpreted by professional consultants and medical officers to provide you with the best diagnosis and medical plans.

Our lifestyle modification plans empower you with the knowledge and tools to keep your health at its peak. The achievements of GHHS Healthcare are remarkable, with over 120,000 screening packages, 1.2 million tests to date and over 20,000 active members with 98% member satisfaction rate for the past 14 years.



GHHS HEALTHCARE: TRADITIONAL CHINESE MEDICINE



To supplement Western medicine and diagnostics, we also provide health restoration and maintenance plans that include non-invasive, traditional alternative therapies, including TCM, complementary healthcare services and much more.

GHHS Healthcare - TCM Centre offers an exclusive and professional array of TCM treatments, which include traditional pulse reading and Chinese Diagnosis, chiropractic, bone and joint, menopause and andropause, post stroke rehab, advance post stroke, post natal/confinement, paediatric, and post surgery. A TCM Pharmacy is also available where trained consultants prescribe herbs/herbal medicine to promote the restoration of harmony in the body.



HEALTH UNITED

Because The Best Healthcare Begins with Prevention

Health United is a program or membership that believes true healthcare lies in preventing illness with a holistic, systemic approach that preserves and maintains good health, instead of supporting it only during times of illness or injury. The existence of Health United is to re-define what healthcare truly means. Health United empowers one to take control and actively manage one's health, starting with the most sophisticated health screenings and tests to build detailed maps of your body, all the way down to the genetic level. Health United has 3 types of membership packages. The Health United packages are more flexible, allowing one program to enjoy services at a discounted rate, medical screening, TCM Therapy and Holiday opportunities.

GHHS Milestone Year 2016

Project / Activities
GHHS Healthcare TCM Centre was relocated to the new centre at The Heritage with full a wide range of TCM services.
Collaboration with ENT Specialist Clinic (International ENT Specialist Centre Sdn Bhd) to provide ENT Screen, Apnea Sleep Score and Professional Specialist Consultation at GHHS Health Screening Centre to current and new members (incorporated into Comprehensive Medical Profile to make up 125 test results).
Worked with Green Talk Healthy Organic & Café to provide healthy & green breakfast & lunch for vegetarians during their checkup.
Organised a TCM Charity Day to provide free pulse reading, localised tuina and treatment for the less privileged.
Launch of Mines Health Tourism Package to promote Health Tourism to Indonesia/China/Vietnam. Signed up with Mayflower Tour Agent as our sales agent for marketing this package locally.
Set up a Korea Beauty Store (under CU Holdings Sdn Bhd) at GHHS Health Screening Centre to provide quality facial products to member at a special price.
GHHS Healthcare Centre conducted a basic life support training (by Earthwin Emergency Academy Sdn Bhd) to clinical staff from varies departments: <ol style="list-style-type: none"> 1. To equip the staff with the necessary skills and knowledge to handle respiratory and cardiac emergencies. 2. To provide knowledge to perform competent resuscitation procedures to victims of cardiac and respiratory arrests.
Added 4 packages of G-Pharma besides the current genetic screening profile, to screen the DNA associated with drug response and adverse drug reaction for Pain & Immunology, Cardio & Diabetes, Gastro & Urology and Mental Health.
Organised a Health Qigong Training Camp at The Heritage, Batu Pahat and Seremban with support from China Health Qigong Society and Malaysia Health Qigong Association
In conjunction with the World Breast Cancer Month, GHHS Healthcare collaborated with UPM CaRE (Cancer Research and Education Centre) to promote Breast Cancer Screening - Mammogram at GHHS Healthcare Centre for the patient, staff and student of the university.
Fully sponsored a one day "Caring Beyond Cancer Program" for cancer survivors organised by UPM CaRE in GHHS Healthcare Screening Centre
Introduced new tests regarding Food Intolerance by collaborating with Amrita Pharm Sdn Bhd, on the 22, 50, 100 & 300 food panels respectively. A complete lifestyle modification plan will be provided after the tests by our Lifestyle Planning Doctor

MEMBERSHIP & TOURISM



Membership & Tourism Division will continue to uphold our brand by striving to provide more value-added services for our members. With the enhanced leisure products and services, we can further reach out to a wider market through our sustained branding and hospitality.



Palace Vacation Club is a membership designed to provide its members the opportunities to enjoy vacations, creating priceless memories at places beyond the regular destinations with freedom of choices available only with a timeshare network. The membership ensures and maintains the affordability and flexibility of family vacations with choices of over 100 internal and direct affiliation resorts - both at local and international destinations.

Key Facts & Highlights for Palace Vacation Club

- One of the leading timesharing membership programmes with over 8,000 members and a choice of over 100 internal and direct affiliation resorts.
- Affiliation resorts destination includes China, India, Indonesia, Thailand, Philippines, Australia, Spain, United Kingdom and USA.
- Newly added resorts include Bukit Gambang Resort in Pahang, Ancasa Residences in Port Dickson and Club Emperor in Sanur, Bali.
- Through our affiliation with RCI, the world's largest resort exchange company, members can access to 4500 resorts in over 100 countries
- Member Services team has successfully processed 10,441 reservations for the year 2016
- Palace Vacation Club has appointed marketing agent in Dubai and Saudi Arabia to market Palace Vacation Club membership in Middle East countries. New market to explore includes India, Indonesia and China.



PALACE VACATION CLUB
Celebrating 18 years of Excellence

Looking ahead, we are focusing on accelerating the execution of our growth strategy by identifying and selling to new markets, forging marketing partnerships to deliver more value for our members while continuing to build on the strength of our brand through innovation and our commitment in delivering excellence services to our members.



Membership & Tourism



MINES GLOBAL HOLIDAYS



MINES Global Holidays (MGH) is an Inbound Travel Agency that focuses on promoting Malaysia as a top travel destination especially for local and foreign tourists with preferences of green sanctuary who seek to enhance their physical and mental health in a holistic environment such as at MINES Wellness City.

As the exclusive agent of Country Heights Holdings Berhad (CHHB), MGH specialises in Medical Tourism, Golf Tourism, MICE, Corporate Incentives, Leisure Holiday Packages, English Camp, Internship Programs and Professional Development Courses.

With a strong and solid foundation, MGH not only has an extensive range of ground transportation and service providers to cater to regular tours and travel arrangements, but is also able to combine and customise the services of all components of CHHB as well as other external service providers to provide various first class services and wonderful tour experiences to its customers.

MINES Global Holidays is always in tune with new tourism trends and demands to continuously provide quality holidays for customer's enjoyment.



STATEMENT ON CORPORATE GOVERNANCE

Country Heights Holdings Berhad (“CHHB” or “the Company”) and its subsidiaries (“the Group”) remain committed to ensuring that high standards of corporate governance are practiced throughout the Group, with integrity, transparency and professionalism which contribute towards the successful achievement of corporate goals and enhance stakeholders’ value. The Board of the Directors of CHHB (“the Board”) is of the opinion that this is not only fundamental for the protection and enhancement of shareholders’ value but also ensures that the interests of other stakeholders are safeguarded. The Board fully supports the recommendations set out in the Malaysian Code on Corporate Governance 2012 (“the Code”).

This Statement describes the manner in which the Group has applied the key principles and the extent of its compliance with the recommendations of good governance as set out in the Code for the financial year ended 31 December 2016.

BOARD OF DIRECTORS

The Board

CHHB is led and controlled by an active and experienced Board with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, property development and marketing, corporate finance and mergers and acquisitions.

Responsibilities and Duties

The Board is responsible for setting the strategic direction of CHHB and monitoring the implementation of that strategy by CHHB Management, including:-

- oversight of the CHHB Group, including its control and accountability systems;
- appointing and removing the Group CEO;
- appointing and removing the Company Secretary;
- Board and Executive Management development and succession planning;
- input into and final approval of corporate strategy;
- input into and final approval of the annual operating budget (including the capital management budget);
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestment;
- monitoring compliance with all relevant legal, tax and regulatory obligations;
- reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, legal compliance and other significant corporate policies;
- at least annually, reviewing the effectiveness of CHHB’s implementation of its risk management system and internal control framework;
- monitoring Executive Management’s performance and implementation of strategy and policies, including assessing whether appropriate resources are available;
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders; and
- appointment, reappointment or replacement of the external auditor.

In discharging his/her duties, each Director must:-

- exercise care and diligence;
- act in good faith in the best interests of CHHB;
- not improperly use his/her position or misuse information of CHHB; and
- commit the time necessary to discharge effectively his/her role as a Director.

All Directors (including Executive Directors) are entitled to be heard at all Meetings and should bring an independent judgement to bear in decision-making.

Statement on Corporate Governance

Board Balance

The Board is of the opinion that its current composition fairly reflects a balance of executive and non-executive to ensure that the interest of not only the Company, but also that of the stakeholders and of the public in general are represented as each independent director brings invaluable judgment to bear on issues of strategy, performance, resource allocation, risk management and standard of conduct. The Board is also of the view that the minority shareholders are fairly represented by the presence of these highly competent and credible Independent Non-Executive Directors.

The composition and size of the Board are reviewed from time to time to ensure their appropriateness and effectiveness. The Board currently has nine (9) members, comprising four (4) Non-Executive Directors and five (5) Executive Directors. Of the four (4) Non-Executive Directors, three (3) are Independent, thus fulfilling the requirement that at least one-third of the Board comprise of Independent Directors. A brief profile of each Director is presented on pages 8 to 16 of this Annual Report.

The Board is led by a team of experienced members from different professional backgrounds, all of whom provide the Group with a wealth of professional expertise and experience which are conducive for efficient deliberations at Board meetings, giving rise to effective decision making and providing multi-faceted perspectives to the business operations of the Group.

The Board is supportive of gender diversity in the boardroom as recommended by the Code and has developed a Gender Diversity Policy to promote the representation of women in the composition of the Board. For the purpose of the Code, the Gender Diversity Policy will refer principally to gender diversity in the boardroom, but this approach however, in no means limits the Company's recognition and respect for the value of diversity at all levels of the organisation. A diverse boardroom and workplace include the skills and perspective that people bring to the organisation through, but not limited to, experience, gender, age, culture and beliefs.

The Gender Diversity Policy sets out the approach to diversity on the Board of Directors of CHHB and the Company's policy and the processes whereby the Company will address, to the extent practicable, the objectives set out in Recommendation 2.2 of the Code. Presently, there are two (2) female Directors, representing approximately 22% women participation on the Board.

All Board members participate fully in decisions on key issues involving the Group. The Executive Directors are responsible for implementing the policies and decisions of the Board and managing the Group's day-to-day operations. Together with the Independent Non-Executive Directors, they ensure that strategies are fully discussed and examined after taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations to the exclusion of other relevant factors. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board. They also ensure that the Board practices good governance in discharging its duties and responsibilities. The Board, as a whole, retains overall control of the Group. The Independent Directors fulfill the criteria of "Independence" as prescribed under Paragraph 1.01 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board has not appointed a senior independent non-executive director to whom concerns may be conveyed. The Board takes note that the Code recommends that the Chairman of the Nomination & Remuneration Committee should be the senior independent non-executive director identified by the Board, which will from time to time review the recommendation and make the necessary appointment as and when it deems fit.

The Board is made aware that they should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment.

Statement on Corporate Governance

Board Meetings

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of CHHB. All the Directors have complied with the minimum requirements on attendance at Board Meetings as stipulated in the MMLR of Bursa Securities (minimum 50%).

During the financial year, the Board of Directors held eight (8) meetings and details of Directors' attendances are set out below. Besides the Board Meetings, urgent decisions were approved via Directors' Circular Resolutions during the year.

Name of Director	No. of Meetings Attended
Tan Sri Lee Kim Tiong @ Lee Kim Yew (Executive Chairman) Re-designated on 1 October 2016	7/8
Lee Cheng Wen (Deputy Chairman, Non-Independent Non-Executive Director) Re-designated on 1 October 2016	5/8
Nik Hassan Bin Nik Mohd Amin (Independent Non-Executive Director)	7/8
Chew Chong Eu (Independent Non-Executive Director)	4/8
Chua Hee Boon (Independent Non-Executive Director) Appointed on 7 June 2016	4/5
Lee Thai Young Matahari (Executive Director) Appointed on 7 June 2016	5/5
Lee Sow Lin (Executive Director) Appointed on 7 June 2016	5/5
Yip Chun Mun (Executive Director) Appointed on 7 June 2016	5/5
Har Soon Thim (Executive Director) Appointed on 7 June 2016	5/5
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Independent Non-Executive Chairman) Retired on 2 June 2016	2/2
Academician Tan Sri Emeritus Professor Datuk Dr. Ong Soon Hock (Independent Non-Executive Director) Retired on 2 June 2016	2/2

At Board meetings, the Chairman encourages constructive, healthy debate, and the Directors are free to express their views. Any Director who has a direct and/or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.

Executive Chairman and Executive Directors

The Founder of CHHB, Tan Sri Lee Kim Tiong @ Lee Kim Yew ("Tan Sri Lee"), is the Non-Independent Executive Chairman of the Company. He was previously the Non-Independent Non-Executive Deputy Chairman and was appointed as Non-Independent Non-Executive Chairman in place of General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd), who retired on 2 June 2016. On 1 October 2016, Tan Sri Lee was re-designated as the Executive Chairman of the Company.

Statement on Corporate Governance

In view of the current down turn of the economy and market situation and the poor performance of the CHHB Group since the end of 2014, Tan Sri Lee has taken up the role of Executive Chairman of the Company, given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry.

The Executive Chairman undertakes to personally and passionately spearhead the CHHB Group to better performance in the near future together with the 4 newly appointed Executive Directors, each having separate and clearly defined scope of responsibility and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.

Board Appointment Process

All nominees to the Board are first considered by the Nomination Committee (now known as the Nomination & Remuneration Committee), taking into account the mix of skills, competencies, experience and other qualities required before they are recommended to the Board.

While the Board is responsible for the appointment of new Directors, the Nomination & Remuneration Committee is delegated the role of screening and conducting an initial selection before making a recommendation to the Board.

The annual assessment criteria of the Board and Board Committees have been updated to be aligned with the recommendations of the Code.

During 2016, there were appointments of new Directors in place of the retirement of General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Academician Tan Sri Emeritus Professor Datuk Dr Ong Soon Hock. The Nomination Committee (now known as Nomination & Remuneration Committee) had reviewed their background, knowledge, integrity, competency, experience, commitment (including time commitment), and potential contributions to the CHHB Group, and in the case of the appointment of Independent Non-Executive Director, the independence of the proposed Director. The Board members, with the recommendations of the Nomination Committee (now known as Nomination & Remuneration Committee), appointed 5 new Board members, namely Mr. Chua Hee Boon, Mr. Lee Thai Young Matahari, Ms. Lee Sow Lin, Mr. Yip Chun Mun and Mr. Har Soon Thim.

Board Effectiveness Evaluation

Performance indicators on which the Board's effectiveness is evaluated include the Board's composition, administration and process, conduct, responsibilities, accountability, interaction and communication with the Management and stakeholders. Performance indicators for individual Directors include their interactive contributions, understanding of their roles and quality of input.

The Board undertakes a process to assess the effectiveness of the Board as a whole and its Board Committees and the contribution of each Director for the financial year 2016. The evaluation involves the completion of questionnaires on the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The structure, processes, accountability and responsibilities of the Committees are evaluated in assessing the effectiveness of the respective Committees.

The Board has analysed the gaps and put in place appropriate measures to ensure overall effectiveness of the Board and the CHHB Group.

Re-election/Re-appointment of Directors

The Articles of Association of the Company require a director appointed during a financial year to retire at the following annual general meeting. All directors are bound to retire at least once in every three years and re-election of directors takes place at each Annual General Meeting ("AGM"). All retiring directors shall be eligible for re-election/re-appointment.

The re-election/re-appointment of directors at the AGM are subject to prior assessment by the Nomination & Remuneration Committee and the recommendations thereafter are submitted to the Board and then for shareholders' approval.

Particulars of the Directors standing for re-election have been provided in the Statement Accompanying the Notice of the 33rd AGM of CHHB scheduled to be held on 21 June 2017.

The re-election/re-appointment of directors ensured that shareholders have a regular opportunity to reassess the composition of the Board.

Statement on Corporate Governance

Tenure of Independent Non-Executive Directors

Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu were both appointed to the Board as Independent Non-Executive Directors of the Company on 29 April 2008 and have, therefore served for more than 9 years.

Notwithstanding their long tenure in office, the Board, based on the review and recommendations made by the Nomination & Remuneration Committee, is unanimous in its opinion that the independency of Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu have not been compromised or impaired based on the following justifications:

- They continue to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR;
- They have been with the Company for more than nine (9) years and therefore, understand the Company's business operations which enable them to participate actively and contribute positively during deliberations or discussions at meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board; and
- They have contributed sufficient time and efforts at the meetings of the Nomination & Remuneration Committee, the Audit & Risk Management Committee, and the Board for informed and balanced decision making.

The Board therefore believes that Encik Nik Hassan Bin Nik Mohd Amin and Mr Chew Chong Eu should be retained as Independent Non-Executive Directors and accordingly, recommends them to be retained as Independent Non-Executive Directors. Ordinary resolutions for the aforesaid purpose will be tabled at the forthcoming AGM for shareholders' approval.

Directors' Remuneration

The policy and framework for the overall remuneration of the Executive and Non-Executive Directors are reviewed regularly against market practices by the Nomination & Remuneration Committee, following which recommendations are submitted to the Board for approval.

The Board as a whole determines the remuneration of the Non-Executive Directors and each individual Director abstains from the Board decision on his own remuneration. The remuneration of Non-Executive Directors is based on a standard fixed fee. In addition, allowances are also paid in accordance with the number of meetings attended during the year.

The Executive Directors are not entitled to the above Directors' fee nor are they entitled to receive any meeting allowance for Board or Board Committee meetings that he/she attends.

The proposed Directors' fees for the financial year 2016 will be tabled at the forthcoming 33rd AGM for shareholders' approval.

The aggregate remuneration of the Directors for the financial year ended 31 December 2016, categorised into the appropriate components (including General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Academician Tan Sri Emeritus Professor Datuk Dr Ong Soon Hock prior to their retirement), is as follows:

Description	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Salaries & Other emoluments	935	55	990
Benefit-in-kinds	19	5	24
EPF Contribution	125	-	125
Fees	-	66	66
Total	1,079	126	1,205

Statement on Corporate Governance

The number of Directors whose total remuneration falls into the respective bands (including General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Academician Tan Sri Emeritus Professor Datuk Dr Ong Soon Hock prior to their retirement) is as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM100,000	1	7
RM100,001 to RM200,000	-	-
RM200,001 to RM300,000	1	-
RM300,001 to RM400,000	1	-
RM400,001 to RM500,000	1	-

BOARD COMMITTEES

The Board has delegated specific responsibilities to two (2) board committees which include the Audit & Risk Management Committee and Nomination & Remuneration Committee. The delegation of certain responsibilities of the Board to its Committees is made in accordance with Article 88 of the Company's Articles of Association. This is necessary as there is now greater reliance on the Board Committees in response to the complex challenges of the business.

These Committees have the authority to examine particular issues within their terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on most matters remains with the entire Board.

All Board Committees have written terms of reference, operating procedures and authority delegated and approved by the Board, which are reviewed from time to time to ensure they are relevant and up-to-date.

The Chairpersons of the various Board Committees report the outcome of their meetings to the Board and relevant decisions are incorporated into the minutes of the meetings of the Board of Directors.

Audit & Risk Management Committee ("ARMC")

The report of the ARMC is set out on pages 76 to 81 of this Annual Report.

Nomination & Remuneration Committee ("NRC")

The Nomination Committee ("NC") and Remuneration Committee ("RC") had been combined with effect from 1 October 2016 and is now known as the Nomination & Remuneration Committee.

The NRC comprises wholly of Non-Executive Directors, majority of whom are independent.

Membership:

- Lee Cheng Wen (Chairperson of NRC);
- Nik Hassan Bin Nik Mohd Amin;
- Chew Chong Eu; and
- Chua Hee Boon.

Objectives

The objectives of the NRC with regard to the nomination role are as follows:

- to identify and recommend new nominees to the Board as well as the Board Committees, however all decision as to who shall be appointed shall be the responsibility of the Board after considering the recommendations of the NRC;
- to assist the Board in reviewing the Board's required mix of skills, experience and other qualities, including core competencies which both Executive and Non-Executive Directors should bring to the Board;
- to implement the process formulated by the Board designed to assess the effectiveness of the Board and the Board Committee as a whole;
- to develop policies, practice and recommend proposals appropriate to facilitate the recruitment, retention and removal of Executive Director as well as the length of service; and
- to review the Executive Directors' objectives, goals and the assessment of performance.

Statement on Corporate Governance

The objectives of the NRC with regard to the remuneration role are as follows:

- to determine the level and make-up of Executive Directors' remuneration so as to ensure that CHHB attracts and retains the Directors of the appropriate calibre, experience and quality needed to run the CHHB Group successfully. The level and make-up of the remuneration should be structured so as to link rewards with corporate and individual performance; and
- to determine the remuneration packages of Non-Executive Directors which shall be a decision of the Board as a whole.

Authority

The NRC is authorised by the Board:

- to seek assistance from the Company Secretary on matters related to the responsibilities of the NRC under the rules and regulations to which it is subject to and how those responsibilities should be discharged;
- to have full and unrestricted access to the Company's records, properties and personnel; and
- to seek independent professional advice and expertise deemed necessary for the performance of its duties.

Responsibilities

The responsibilities in relation to nomination matters are as follows:

- to formulate the nomination, selection and succession policies for the Board and Board Committees as may be determined by the NRC from time to time;
- to make recommendations to the Board on new candidates for election/appointment, and re-election/re-appointment of the Directors to the Board;
- to make recommendations to the Board for appointment to fill casual vacancies;
- to conduct a review in determining whether a director can continue to be independent in character and judgement, and also to take into account the need for progressive refreshing of the Board; and
- to review the required mix skills, experience and other qualities of the Board annually.

The responsibilities in relation to remuneration matters are as follows:

- to formulate and/or review the remuneration policies and packages for the members of the Board and Board Committees and recommend to the Board for approval; and
- to approve the utilisation of the provision for annual salary increment, performance bonus and long term incentives (if any) in respect of each financial year.

The NRC shall consider any other matters referred by the Board to the NRC and, in discharging its duties, the NRC shall at all times be mindful of the provisions of all applicable laws, regulations and guidelines.

Prior to the combination of the NC and RC to form the NRC with effect from 1 October 2016

Meeting Attendance of the NC:

The NC met once during the financial year.

Main Activities of the NC in 2016:

During the year, the NC has fulfilled a number of key activities, as listed below:

- Evaluated and assessed the performance of the Independent Non-Executive Directors (self-assessment) for the year 2015.
- Evaluated and assessed the performance and effectiveness of the Board of Directors and Board Committees for the year 2015.
- Reviewed and recommended the re-election of Director due for retirement pursuant to Article 102 of the Articles of Association, at the 32nd Annual General Meeting.
- Reviewed and recommended the appointment of additional Directors.

Meeting Attendance of the RC:

The RC met once during the financial year.

Statement on Corporate Governance

Main Activities of the RC in 2016:

During the year, the RC has fulfilled a number of key activities, as listed below:

- Reviewed the remuneration package for the Group CEO for the year 2016 and subsequently recommended to the Board for approval.
- Reviewed the fees and allowances of the Non-Executive Directors for the year 2016 and subsequently recommended to the Board for approval.

Directors' Training

All the Directors have attended the Mandatory Accreditation Program prescribed by Bursa Securities. Induction briefings will be organised for newly appointed Directors, if any.

The Directors are also encouraged to attend seminars/courses from time to time to equip themselves with the necessary knowledge to discharge their duties and responsibilities more effectively.

During the financial year, the Directors have attended, individually and/or collectively, various programmes and briefings, amongst others, as follows:

Name of Directors	Training Programmes
Tan Sri Lee Kim Tiong @ Lee Kim Yew	<ul style="list-style-type: none"> • World Peace Forum 2016 • World Chinese Economic Summit 2016
Lee Cheng Wen	<ul style="list-style-type: none"> • Capitalising on The Growth of Shariah Investing Dialogue session
Nik Hassan Bin Nik Mohd Amin	<ul style="list-style-type: none"> • Leadership Excellence from the Chair • How to Leverage on AGMs for Better Engagement with Shareholders
Chew Chong Eu	<ul style="list-style-type: none"> • Wealth Management : Investment Planning • Market Misconduct, Chinese Wall & Prevention of Insider Trading • Soft Skills for Workplace Success
Chua Hee Boon	<ul style="list-style-type: none"> • Mandatory Accreditation Program
Lee Thai Young Matahari	<ul style="list-style-type: none"> • Mandatory Accreditation Program • World Peace Forum 2016 • World Chinese Economic Summit 2016
Lee Sow Lin	<ul style="list-style-type: none"> • Mandatory Accreditation Program
Yip Chun Mun	<ul style="list-style-type: none"> • Mandatory Accreditation Program
Har Soon Thim	<ul style="list-style-type: none"> • Mandatory Accreditation Program

The Company will continuously arrange further training for the Directors as part of their obligations to update and enhance their skills and knowledge which are important for carrying out an effective role as Directors. From time to time, the Board also receives updates and briefings, particularly on regulatory and legal developments relevant to the Company's business.

EFFECTIVE BOARD OPERATIONS AND INTERACTION

Board Meetings Schedule and Predetermined Agendas

The calendar for the ensuing financial year for Board and Board Committee meetings and draft agendas are established before the end of the current financial year and synchronised with the Management's business planning cycle and quarterly financial results. This is to enable the Directors to plan ahead and allocate time in their respective schedules for the ensuing year's Board and Board Committee meetings.

The Board meeting agenda is structured to address priority strategic issues aligned with the Company's vision and mission which are consistent with the Board's key roles. The agenda for each board meeting is prepared by the Company Secretary together with the Chairman. Other Directors and key members of Management may also be consulted.

Statement on Corporate Governance

Company Secretary

The Company Secretary is responsible for ensuring that Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary attends and ensures that all meetings of the Board, Board Committees and Shareholders are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board is regularly updated and apprised by the Company Secretary on new regulations issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

Supply of Information

The Directors have full and unrestricted access to complete information on a timely basis pertaining to the Group's business and affairs to enable them to discharge their duties. Board Meetings which are scheduled to be held are also presented with relevant reports to facilitate its decision-making process. The Board and its Committees are given the notice and agenda of meetings at least seven (7) days in advance and the meeting papers are delivered at least three (3) days prior to each meeting.

The Chairman of the ARMC will report to the Directors at the Board Meetings on any salient audit findings deliberated at the ARMC Meetings which require the Board's notice or direction that may be required to be taken by the Management.

The Directors have access to the advice and services of the Company Secretary. The Directors may seek advice from the Management on matters relating to their areas of responsibility. The Directors may also interact directly with, or request further explanation, information or updates on any aspects of the Company's operations or business concerns from the Management. The Directors may seek independent professional advice, at the Company's expenses, if required, in furtherance of their duties.

Prompt Communication of Board Decisions

All Board decisions are clearly recorded in the minutes, including the rationale for each decision, along with clear actions to be taken and the individuals responsible for their implementation. Relevant urgent Board decisions are communicated to the Management within one working day of the Board meeting and the minutes of Board Meetings are completed for comments by the Board members within seven (7) working days of the meeting dates. Relevant extracts of the minutes are distributed to the Management for action once the board minutes are completed, depending on the urgency of the matters.

Board and Management Interaction

The Board has direct access to the Management and has full and immediate access to information relating to the Group's business and affairs in the discharge of their duties. Towards building and maintaining trust in order to deliver significant and positive performance and shareholder value, both the Board and Management acknowledge the importance of positive interaction, dynamics and open communication between them.

Management members are invited to attend Board meetings to report to the Board on matters relating to their areas of responsibility, and also to brief and provide details to the Directors on recommendations submitted for the Board's consideration.

BOARD PROFESSIONALISM

Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognises the need to formalise such demarcation of duties to provide clarity and guidance to Directors and Management.

Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors are specified in the Company's Board Charter. The Board Charter, which has been adopted by the Board, serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board Charter also includes a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in the Board's hands.

In line with Recommendation 1.7 of the Code, the Board Charter has been uploaded on the Company's website at <http://www.countryheights.com.my/>. The Board will review the Board Charter of the Company annually and will update the Board Charter where appropriate, from time to time.

Statement on Corporate Governance

Code of Ethics for Directors

The Code of Ethics for Directors which was adopted by the Board supports the Company's vision and core values by instilling, internalising and upholding the value of uncompromising integrity in the behaviour and conduct of the Directors.

The code is reviewed and updated regularly by the Board.

The Code of Ethics for Directors covers the following areas:

- Responsibilities of the Directors
- Dealings with shareholders, employees, creditors, business partners and stakeholder communities at large
- Dealings with respective governments
- Dealings with competitors
- Dealings in respect of Company assets
- Trading on insider information
- Conflict of interest
- Social responsibilities and the environment

Whistle Blower Programme

The Board recognises the importance of whistle blowing in light of the requirements stipulated in the Capital Markets and Services Act 2007, the Corporate Governance Guide and the Companies Act, 2016.

An internal whistle blowing programme has been introduced for the employees to channel concerns about illegal, unethical or improper business conduct affecting the Company and about business improvement opportunities.

If an employee has concerns about illegal or unethical conduct in the workplace, the concern may be reported to the designated email: grouphr@countryheights.com.my or to the Chairman of the ARMC.

The Board and the Management gave their assurance that employees will not be at risk to any form of victimisation, retribution or retaliation from their superiors or any member of the Management provided they act in good faith in their reporting.

Environmental & Sustainability Policy

The Board recognises the need to operate its business in a responsible and sustainable manner complying with all relevant legislative and regulatory requirements, to maintain its reputation, and to generate future business. CHHB combines its values of nature, love, quality, style and excellence, together with its vision of "Ever Searching for Better Living" and set its commitment to sustainable good practice in the context of environment, economic and social consideration.

The Company's commitment to environment sustainability is considered central to its business culture and as such is intended to form part of, and to support, all CHHB's activities. The Company believes that seeking to continuously improve its environmental performance is fundamental to its business success and that sustainability principles should be incorporated into CHHB's activities and decision making at all levels.

The Environmental & Sustainability Policy of the Company and the Group focuses on corporate sustainability in five main areas, being environment, health and safety, employees, business partners and local communities. The Company's and the Group's effort on environmental and social responsibility during the financial year are set out in the Sustainability Statement of this Annual Report.

Conflict of Interest and Related Party Transactions ("RPT")

The Directors are responsible at all times for determining whether they have a potential or actual conflict of interest in relation to any matter which comes before the Board.

The Directors recognise that they must declare any interest they may have in transactions with the Company and Group and abstain from deliberation and voting on the relevant resolutions at the Board or general meetings convened to consider the matter.

Statement on Corporate Governance

Trading on Insider Information

The Directors and employees of CHHB are not permitted to trade in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Notices on the closed period for trading in the Company's shares are sent to the Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in the Company's shares. The Directors are also prompted not to deal in the Company's shares at any point when price sensitive information is shared with them.

Directors' and Officers' Liability Insurance

The Company has in place a liability insurance policy for the Directors and officers in respect of liabilities arising from holding office in the Company. The insurance does not, however, provide coverage in the event that a Director or a member of the Management is proven to have acted negligently, fraudulently or dishonestly.

RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Dialogue between the Company, Shareholders and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with the shareholders and the investment community of material corporate and business matters of the Group.

Care is taken to ensure reporting to the shareholders is balanced and sufficiently comprehensive and objective to allow performance to be measured.

In complying with Paragraph 9.21(3) of the MMLR to improve investor relations between the Company and its stakeholders, CHHB ensures that its website contains the email address(es) of the designated person(s) and contact numbers to enable the public to forward queries to the Company. CHHB also post announcements made to Bursa Securities on its website immediately after such announcements are released on Bursa Securities' website.

Annual Report and Annual General Meeting ("AGM")

In addition to quarterly financial reports, the Company communicates with the shareholders and investors through its Annual Report.

The Annual Report is an important medium of information for the shareholders and investors whereas the AGM provides a vital platform for both private and institutional shareholders to share their views and acquire information on issues relevant to the Group.

In an effort to save costs and encourage shareholders to benefit from Information and Communication Technology, CHHB continues to dispatch annual reports to the shareholders in electronic format (CD-ROM). However, shareholders are given the option to request for hard copies of the Annual Report.

Notice of AGM is sent out to the shareholders at least twenty one (21) days before the date of the AGM to enable the shareholders to make the necessary arrangement to attend and participate in person or by corporate representatives, proxies or attorneys.

Shareholders and members of the public can access the website of the Company <http://www.countryheights.com.my/> for the latest information on the Group.

At the AGM, the Chairman presents a comprehensive review of the Group's financial performance and value created for the shareholders as well as current developments of the Group. The AGM is the principal forum for dialogue with the shareholders. It provides shareholders and investors with an opportunity to seek clarification on the Group's business strategy, performance and major developments.

Poll Voting

In line with Paragraph 8.29A of the MMLR that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll, the Board shall table all the resolutions at the forthcoming AGM for voting by poll.

Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting and Disclosure

In presenting the annual financial statements and quarterly announcements of unaudited consolidated results to shareholders, the Directors have taken reasonable steps to ensure a balanced and understandable assessment of the Group's financial position and prospects. The Board is assisted by the ARMC in overseeing the Group's financial reporting processes and the quality of its financial reporting.

Internal Controls

The Board recognises and affirms its overall responsibility for the Group's system of internal controls, which includes the establishment of an appropriate control environment and control framework as well as for reviewing its effectiveness, adequacy and integrity. The Board acknowledges that this system is designed to manage, rather than eliminate the risk of non-achievement of the Group's objectives.

The Board has overall responsibility for maintaining sound internal control systems that cover financial controls, operational and compliance controls and risk management to ensure shareholders' investments, customers' interest and the Group's assets are safeguarded.

The Statement on Internal Control as set out on pages 82 to 84 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Board, by the establishment of the ARMC, maintains a formal and transparent relationship with the Group's auditors. The external auditors are invited to participate and brief the ARMC on specific issues at ARMC meetings. The roles of both the external and internal auditors are further described in the Audit & Risk Management Committee Report.

The Group has established an in-house Group Internal Audit Department, in addition to utilising the services of the external auditors, which reports significant findings directly to the ARMC with recommended corrective actions. The Management is responsible to ensure that corrective actions on reported weaknesses are undertaken within an appropriate timeframe.

The ARMC and the Board maintain great emphasis on the objectivity and independence of the Auditors, namely Messrs. Deloitte PLT, in providing relevant and transparent reports to the shareholders. As a measure of ensuring full disclosure of matters, the Auditors are invited to attend the ARMC meetings for discussion with the ARMC without the presence of the Management, as well as the AGM.

Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the Group and of the Company have been drawn up in accordance with applicable approved accounting standards and the provision of the Companies Act, 1965, and give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2016, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.

COMPLIANCE STATEMENT

The Board is supportive of all the recommendations of the Code and has ensured that these recommendations as set out in the Code have been substantially implemented accordingly by the Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

Statement on Corporate Governance

ADDITIONAL COMPLIANCE INFORMATION

Material Contracts

Material contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 36 to the Financial Statements.

Contracts Relating To Loan

There were no contracts relating to any loan by the Company in respect of the above said item.

Recurrent Related Party Transactions

The existing shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

Significant related party transactions of the Group are disclosed in Note 36 to the Financial Statements.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2016 amounted to RM43,000.

Share Buy-Back

The existing authority for the Company to purchase up to 10% of its total number of issued shares shall expire at the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM.

There was no share buy-back during the financial year ended 31 December 2016.

Details of the shares purchased, as at to-date are set out below:-

Month	No. of shares purchased and retained as treasury shares	Lowest price paid per share (RM)	Highest price paid per share (RM)	Average price paid per share (RM)	Total consideration* (RM)
June 2014	100,000	1.44	1.50	1.47	147,430.08
June 2015	2,050,000	1.32	1.35	1.35	2,777,170.98

* Inclusive of transaction cost

All the shares purchased by the Company were retained as treasury shares as at 31 December 2016. There was no resale of any treasury share during the financial year.

Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 December 2016.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors duly passed on 11 April 2017.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Audit & Risk Management Committee (“ARMC”) of Country Heights Holdings Berhad was established with the objective of assisting the Board of Directors in the areas of corporate governance, system of internal controls, risk management and financial reporting of the Group. Members of the ARMC are mindful of their dual roles which are clearly reflected and demarcated in the agendas of each meeting.

Membership and Meetings

The ARMC comprises the following members, all of whom are independent Directors:-

- i) Nik Hassan Bin Nik Mohd Amin (Chairman of ARMC, Independent Non-Executive Director);
- ii) Chew Chong Eu (Independent Non-Executive Director);
- iii) Chua Hee Boon (Independent Non-Executive Director)
- iv) Lee Cheng Wen (Non-Independent Non-Executive Director);

There were five (5) meetings held during the financial year ended 31 December 2016 and the records of their attendance are as follows:-

Members	No. of Meetings Attended
Nik Hassan Bin Nik Mohd Amin	5/5
Gen Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) *	3/5
Academician Tan Sri Emeritus Professor Datuk Dr. Ong Soon Hock *	3/5
Chew Chong Eu	3/5
Tan Sri Lee Kim Tiong @ Lee Kim Yew ^a	1/1
Chua Hee Boon ⁼	2/2
Lee Cheng Wen ^{*†}	1/1

* During the financial year, Gen Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Academician Tan Sri Emeritus Professor Datuk Dr. Ong Soon Hock has retired as an Independent Non-Executive Directors of the Company at the conclusion of the Company’s last Annual General Meeting held on 2 June 2016.

^a Tan Sri Lee Kim Tiong @ Lee Kim Yew has been appointed to the Audit & Risk Management Committee on 7 June 2016 and he resigned from the Audit & Risk Management Committee on 1 October 2016.

⁼ Mr. Chua Hee Boon has been appointed as an Independent Non-Executive Director of the company on 7 June 2016.

^{*†} Ms. Lee Cheng Wen has been appointed to the Audit & Risk Management Committee on 1 October 2016.

The Executive Chairman, Financial Controller Group Finance, other Senior Management members and the external auditors attended these meetings upon invitation to brief the ARMC on specific issues.

Prior to some ARMC meetings, private sessions were held between the Chairman ARMC and external auditors without the Management’s presence.

Minutes of meetings of the ARMC were circulated to all members and significant matters reserved for the Board’s approval were tabled at the Board meetings. The Chairman of the ARMC provides a report on the decisions and recommendations of the ARMC to CHHB Board.

Audit & Risk Management Committee Report

TERMS OF REFERENCE

The ARMC has reviewed and endorsed its Terms of Reference to be in line with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and best practices propagated by Bursa Securities Corporate Governance Guide; towards Boardroom Excellence.

Composition

The ARMC shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than 3 members of whom the majority shall be independent directors. All members of the ARMC shall be non-executive directors.

All members of the ARMC shall be financially literate and at least one member of the ARMC:-

- i) must be a member of the Malaysian Institute of Accountants; or
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years working experience and;
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (c) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

No alternate Director shall be appointed as a member of the ARMC. The members of the ARMC shall elect a Chairman from among their members who shall be an independent non-executive director. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Appointments to the ARMC shall be for a period of up to three (3) years, which may be extended further periods of up to three (3) years, provided the director still meets the criteria for membership of the ARMC.

In the event of any vacancy in the ARMC resulting in the non-compliance with sub-paragraph 15.09(1) of the MMLR, the Company must fill the vacancy within three (3) months.

Quorum

The quorum shall not be less than 2, the majority of whom shall be independent directors.

Attendance & Frequency of Meetings

The ARMC shall meet as the Chairman deems necessary but not less than 4 times a year. The Chairman shall be entitled where deemed appropriate to invite any person(s) to meetings of the ARMC.

The ARMC shall meet with the external auditors, internal auditors or both, without executive board members and employees present at least twice a year.

Authority

The ARMC is authorized by the Board to:-

- i) Seek any information relevant to its activities from employees of the Company.
- ii) source for necessary resources required to carry out its duties.
- iii) obtain independent professional advice it considers necessary.
- iv) have full and unlimited access to any information and documents pertaining to the Company.
- v) investigate any matters within its terms of reference, with explicit authority.

Audit & Risk Management Committee Report

Functions

i) Financial Statements, External Audit and Other Information

The duties of the ARMC shall be to:-

- (a) make appropriate recommendations to the Board on matters pertaining to the nomination, appointment and dismissal of external auditors and the fee thereof;
- (b) review and discuss with the external auditors and internal auditors before the commencement of audit, the nature and scope of the audit;
- (c) review the quarterly and year-end financial statements of the Group and Company prior to submission to the Board, focusing particularly on:-
 - public announcement of results and dividend payments;
 - any significant changes in accounting policies and practices;
 - significant adjustments and unusual events resulting from the audit;
 - the going concern assumption;
 - compliance with stock exchange, accounting standards and legal requirements.
- (d) discuss problems and reservations arising from the interim and final audits, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
- (e) review external auditors' letter to management (if any) and management's response;
- (f) review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (g) review the internal audit planning memorandum and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (h) review any appraisal or assessment of the performance of the Head of internal audit;
- (i) approve any appointment or dismissal of the Head of internal audit;
- (j) inform itself of resignation of the Head of internal audit and provide him/her an opportunity to submit reason(s) for resigning;
- (k) consider any related party transactions and conflict of interest situation that may arise within the Company or Group that may raise questions over management's integrity;
- (l) consider the findings of internal audit investigations and management's response;

ii) Risk Management, Internal Control and Information Systems

The ARMC will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes the following:-

- (a) advise the board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments and other authoritative sources that may be relevant for the Group's risk policies;
- (b) champion and promote the Enterprise Risk Management and to ensure that the risk management process and culture are embedded throughout the Group;
- (c) provide routine monthly and quarterly reporting and update the Board on key risk management issues and Potential Loss Event;
- (d) review Risk Management Framework and Policy & Guide annually;
- (e) oversee and advise the board on the current risk exposures of the Group and future risk strategy to ensure development and growth of the Group on a sustainable basis;
- (f) in relation to risk assessment:-
 - keep under review the Group's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;
 - review regularly and approve the parameters used in these measures and the methodology adopted;
 - set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance, and
 - consider whether the Group has effective management systems in place to identify, assess, monitor and manage its key risk areas.

Audit & Risk Management Committee Report

- (g) review the Group's capability to identify and manage new risk types;
- (h) review reports on any material breaches of risk limits and the adequacy of proposed action;
- (i) follow-up on management action plans based on the status of implementation compiled by the management;
- (j) review the Business Risk Analysis & Evaluation and Mitigation Plans to be escalated to the Board on an annual basis and to report any major breach of Risk policies and tolerance limits and ensure Risk Mitigants are in place;
- (k) give a view on proposal/feasibility studies prepared by project sponsor or project consultants which meet the requisite threshold before recommending to the Board for final decision;
- (l) keep under review the effectiveness of the Group's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- (m) review the Group's procedures for preventing fraud; and
- (n) consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

The ARMC shall also ensure the function has adequate independence and is free from management or other restrictions.

Minutes

The Secretary shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each meeting shall also be distributed to the members of the ARMC prior to each meeting.

Summary of Activities of the ARMC

During the financial year, the ARMC carried out its duties as set out in its Terms of Reference, including but not limited to:-

- i) review of audit plans prepared by both internal and external auditors;
- ii) review of unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval;
- iii) review and evaluate the policies for risk management and systems of internal control;
- iv) review of internal audit reports presented by internal auditors and consider the major findings by the internal auditors and management's responses thereto;
- v) review of the audited financial statements for the financial year ended 31 December 2016 and to discuss significant audit issues and findings with the external auditors;
- vi) review the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transaction, if any, before recommending to the Board for approval; and
- vii) meet and discuss with the external auditors without the presence of the Senior management.

External Audit

- a. The ARMC deliberated the External Auditors' Final Report at its meeting on 25 February 2016 with regard to the relevant disclosures in the annual audited financial statements for the year ended 2015. The ARMC also considered suggestions to improve the accounting procedures and internal control measures.
- b. On 25 March 2016, the External Auditor tabled the Management Letter and also the draft Audit Financial Statements for the year ended 31 December 2015. Group Finance tabled the proposal on the re-appointment of the External Auditors of CHHB and its Group of companies for the ensuing year.

ARMC reviewed the list of services in the Annual Plan 2016 which comprised the audit services as well as non-recurring and recurring non-audit services that may be provided by the External Auditors. The non-recurring non-audit services that were expected to be utilized in 2016 were ad-hoc accounting and tax advisory.

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflicts of interest nor impair the independence and objectivity of the External Auditors.

Audit & Risk Management Committee Report

- c. The ARMC carries out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations.

Based on the annual evaluation of their performance and audit fees, the ARMC was satisfied with the External Auditors' technical competency and independence for 2016. With that, the ARMC further recommended to the Board the reappointment of the External Auditors for 2016.

- d. On 24 November 2016, the ARMC reviewed the External Auditors' Professional Services Planning Memorandum for the financial year ending 31 December 2016 outlining their scope of work and proposed fees for the statutory audit and review of the Statement on Internal Control for 2016. The ARMC further resolved to recommend the proposed fees to the Board for approval.
- e. The non-audit fees incurred in 2016 amounted to RM43,000, which is approximately 9.6% of the total remuneration audit fee of RM447,000 for the 2016 financial year.
- f. The audit for Country Heights Holdings Berhad and 12 of its active subsidiaries were audited by Deloitte PLT and BTL & Co were appointed to do the audit for the remaining 34 semi active and dormant subsidiaries.
- g. The new standard in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants requires External Auditors to communicate in writing to the ARMC all breaches of independence requirements of the IEBSA Code of Ethics.

Summary of Activities of the Internal Audit Function

The ARMC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The internal audit function is undertaken by an in-house internal audit department. The internal audit function reports independently to the ARMC and its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls to provide reasonable assurance to the members of the ARMC.

The internal audit function performs internal audits with strict adherence to the Professional Practices Framework of The Institute of Internal Auditors, USA ("IIA") and conformance with the IIA's International Standards for The Professional Practice of Internal Auditing ("Standards") in meeting the responsibilities of internal auditors and the internal audit activity.

The purpose of the Standards is to:

1. Delineate basic principles that represent the practice of internal auditing.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organisational processes and operations.

The Standards are principles-focused, mandatory requirements consisting of:

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance, which are internationally applicable at organisational and individual levels.
- Interpretations, which clarify terms or concepts within the Statements.

Audit & Risk Management Committee Report

The structure of the Standards is divided between Attribute and Performance Standards. Attribute Standards address the attributes of organisations and individuals performing internal auditing. The Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards are also provided to apply to all internal audit services.

The internal audit activities carried out, under a risk-based approach, for the financial year include, inter alia, the following:-

- i) formulated annual risk-based audit plan and reviewed the resource requirements for audit executions;
- ii) executed internal audit reviews in accordance with the approved annual audit plan;
- iii) issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis;
- iv) followed-up on the implementation of corrective action plans or best practices agreed with management; and
- v) attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.

During the year, internal audits performed covered the following areas:

- i) Palace of the Golden Horses Hotel – Car Park Operations
- ii) Palace of the Golden Horses Hotel – Creditors Audit
- iii) Borneo Highlands Resort – Business Review
- iv) Mines Waterfront Business Park – Project Audit MWDS
- v) Tindak Murni Sdn Bhd – Cyberjaya Clubhouse
- vi) Risk Profile 2016

The internal audit reviews conducted did not reveal weaknesses that have resulted in material losses, contingencies or uncertainties that would require separate disclosure in the annual report.

This statement is made in accordance with the Board's resolution dated 11 April 2017.

STATEMENT ON INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance requires public listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

Guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to provide the Statement on Internal Control, outlining the nature and scope of internal controls of the Group in accordance with paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Responsibility and Accountability

The Board of Country Heights Holdings Berhad affirms its overall responsibility for the Group's system of internal controls to safeguard shareholders' investments and the assets of the Group as well as reviewing the adequacy, integrity and effectiveness of the system. Internal control systems are primarily designed to cater for the business needs and manage the potential business risks of the Group.

However, such systems are designed to manage, rather than to eliminate the risk of failure to achieve the Group's corporate objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material misstatement, operational failures and fraudulent activities.

The Board is assisted by the Management to implement approved policies and procedures on risk and control. Management identifies and evaluates the risks faced by the Group and designs, implements and monitors an appropriate system of internal controls in line with policies approved by the Board.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

Key elements of the Group's internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below.

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Company's various operations.

Key functions such as finance, tax, treasury, corporate, legal matters and contract awarding are controlled centrally.

- **Monitoring and Reporting Procedures**

The Executive Chairman meets on a regular basis with all divisional heads to consider the Group's financial performance, business developments, management and corporate issues.

The Divisional Heads and Business Unit Heads are responsible for the Standard Operating Procedures which include policies and procedures are continuously reviewed and update if required.

The Divisional Heads and Business Unit Heads are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls.

- **Human Resource Policy**

Comprehensive and rigorous guidelines on are in place, to ensure that the Company has a team of employees who are equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively. Corporate values, which emphasize ethical behaviors, are set out in the Group's HR Portal.

- **Annual Budget**

The Company has a comprehensive budgeting system established to meet the annual business plan. The annual business plan and budget are approved by the Board. Budgetary control is in place for every operations of the Company, where actual performance is closely monitored against budgets to identify and to address significant variances.

2. Risk Management

The Board acknowledges that all areas of the Group's business activities involve some degree of risk. The Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the Group's operations in order to enhance shareholder value.

The Board with the assistance of the Audit & Risk Management Committee continuously review the on-going process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the financial year under review.

The risk management process involves the senior management as well as the Executive Directors through direct participation in periodic management meetings. These meetings are held to assess and monitor the Group's risk as well as deliberate and consider the Group's financial performance, business development, management and corporate issue.

A risk assessment is performed bi-annually to assess the risks faced by the Group's business units. The results of these risk assessments are presented to the ARMC. Risk factors that can affect the Group include strategic, operational, compliance, reputational, financial and fraud risks.

The Board determines the Company's level of risk tolerance and actively identify, assess, and monitor key business risks to safeguard shareholders' investments and company's assets.

The Company Officer responsible for managing internal controls and legal and regulatory compliance at the company is the Head of Group Finance.

3. Internal Control Function

The Group has an in-house Group Internal Audit Department to carry out its internal audit function. The internal audit function has undertaken detailed assessments of the risks and reviews of the internal control systems of CHHB's operating environment. The areas of assessments and reviews were set out in an internal audit plan which has been approved by the Audit & Risk Management Committee.

The Group Internal Audit Department reports directly to the Audit & Risk Management Committee. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust. For 2016, all the internal audits were performed by the in-house Group Internal Audit Department. Arising from these assessments and reviews, the Group Internal Audit Department presented their reports to the Audit & Risk Management Committee on their findings, recommendations for improvements and the response from management for the Committee's deliberation and consideration.

The costs incurred in maintaining the internal audit function for the financial year ended 31 December 2016 amounted to RM272,504.

4. Information and Communication

Information critical to the achievement of the Company's business objectives are communicated through established reporting lines across the Company. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

A whistleblowing policy has been established together with the detailed processes of the policy. The policy is made known to all employees on the Group's website, with a dedicated channel being formed where whistleblowers may direct their grouses and complaints directly to the Chairman of the ARMC.

5. Review & Monitoring Process

Regular management meetings are held to discuss and monitor the Group's operations and performance, including meetings to discuss deviation of results against performance targets, with significant variances explained for and corrective management action formulated, where necessary. In addition to the above, schedule and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary.

Statement on Internal Control

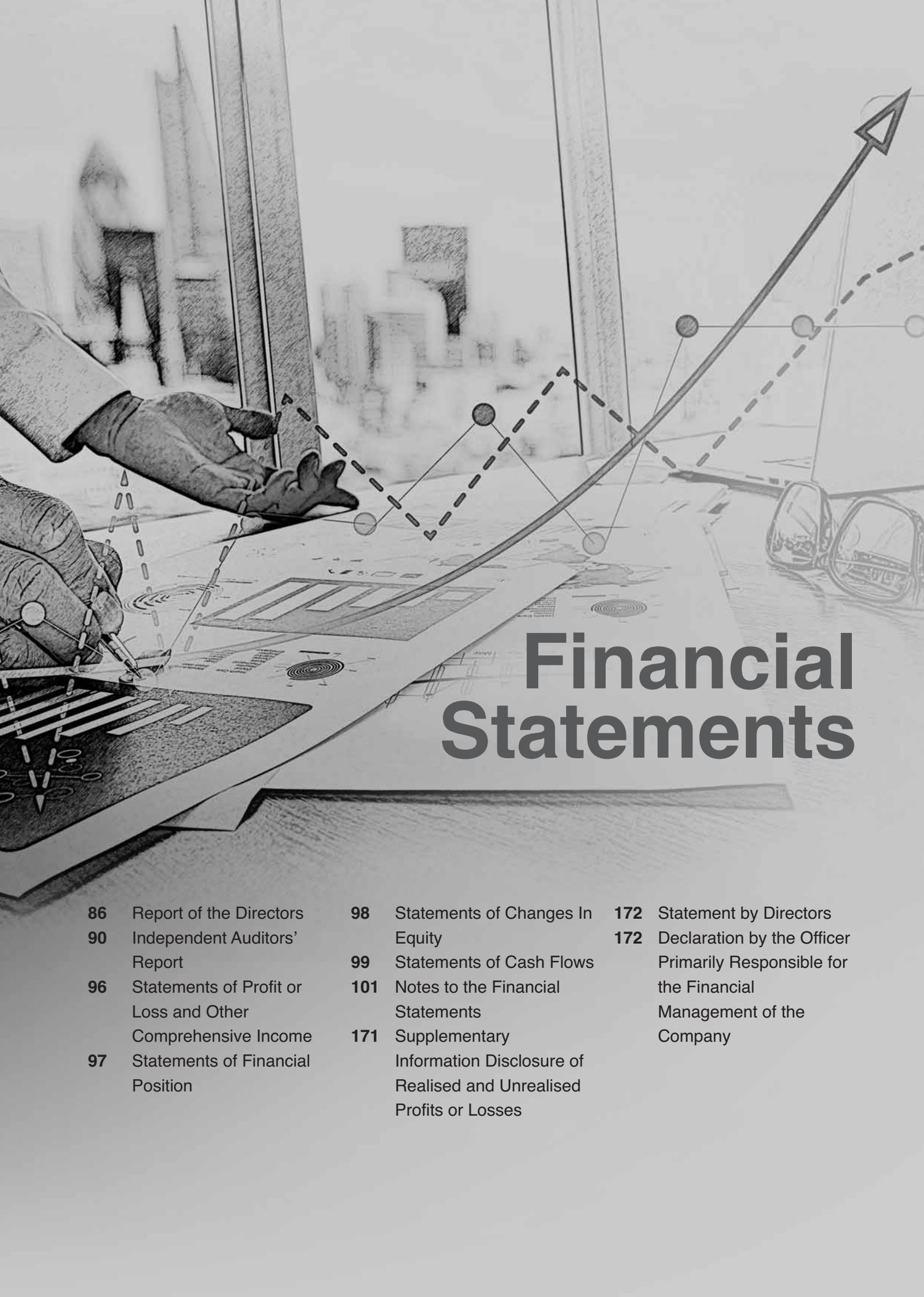
CONCLUSION

The Group's system of internal controls does not apply to associate companies, which the Group does not have full management control.

The Board is of the view that the system of internal controls was generally satisfactory. There were no material losses incurred during the financial year as a result of weaknesses in the system of internal controls that would require disclosure in the annual report.

Nevertheless, the Group will continue to take measures to strengthen the internal control environment.

This statement is made in accordance with the Board's resolution dated 11 April 2017.



Financial Statements

86	Report of the Directors	98	Statements of Changes In Equity	172	Statement by Directors
90	Independent Auditors' Report	99	Statements of Cash Flows	172	Declaration by the Officer Primarily Responsible for the Financial Management of the Company
96	Statements of Profit or Loss and Other Comprehensive Income	101	Notes to the Financial Statements		
97	Statements of Financial Position	171	Supplementary Information Disclosure of Realised and Unrealised Profits or Losses		

REPORT OF THE DIRECTORS

The directors of **COUNTRY HEIGHTS HOLDINGS BERHAD** hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December, 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the subsidiaries and associate are disclosed in Notes 18 and 19 to the financial statements, respectively.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and associate during the financial year.

SUBSEQUENT EVENT

Subsequent event of the Group is disclosed in Note 39 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Loss before tax for continuing operations	(53,755)	(11,750)
Income tax credit	561	-
<hr/>		
Loss for the year for continuing operations	(53,194)	(11,750)
Loss for the year for discontinued operations	(1,380)	-
<hr/>		
	(54,574)	(11,750)
<hr/>		
Loss attributable to:		
Equity holders of the Company	(48,521)	(11,750)
Non-controlling interests	(6,053)	-
<hr/>		
	(54,574)	(11,750)
<hr/>		

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowances had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount of bad debts written off or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

Report of the Directors

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Tan Sri Lee Kim Tiong @ Lee Kim Yew
 Lee Cheng Wen
 Nik Hassan bin Nik Mohd Amin
 Chew Chong Eu
 Lee Thai Young Matahari (appointed on 7 June, 2016)
 Lee Sow Lin (appointed on 7 June, 2016)
 Har Soon Thim (appointed on 7 June, 2016)
 Yip Chun Mun (appointed on 7 June, 2016)
 Chua Hee Boon (appointed on 7 June, 2016)
 Gen.Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) (retired on 2 June, 2016)
 Academician Tan Sri Emeritus Professor Datuk Dr. Ong Soon Hock (retired on 2 June, 2016)

DIRECTORS' INTERESTS

The shareholdings in the Company and in a related corporation of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	Number of Ordinary Shares of RM1 each			As of 31.12.2016
	As of 1.1.2016/ date of appointment	Bought	Sold	
Shares in the Company				
Direct Interest:				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	-	-	89,600,000
Lee Cheng Wen	14,978,831	-	-	14,978,831
Chua Hee Boon	13,000	-	-	13,000
Yip Chun Mun	11,000	-	-	11,000
Lee Sow Lin	10,000	-	-	10,000
Indirect Interest:				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	84,686,641	1,000,000	-	85,686,641
Shares in a subsidiary company, Golden Horse Palace Berhad				
Direct Interest:				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	50,000,000	-	-	50,000,000

By virtue of the above directors' interest in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 12 to the financial statements or being fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 36 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Deloitte PLT are retiring and not seeking re-appointment.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

TAN SRI LEE KIM TIONG @ LEE KIM YEW

LEE THAI YOUNG MATAHARI

Kuala Lumpur
11 April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **COUNTRY HEIGHTS HOLDINGS BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December, 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 170.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December, 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the scope of our audit responded to the key audit matter
<p><u>Liquidity risk</u></p> <p>As of 31 December, 2016, the Group and the Company have incurred a net loss of RM54,574,000 and RM11,750,000 respectively.</p> <p>The Group has net current assets of RM96,510,000 as of 31 December, 2016. The current assets of the Group mainly comprise property development costs of RM139,072,000 and inventories of RM88,776,000, which are not readily convertible to cash. This may result in a potential liquidity risk in the event that there are items within the current liabilities category that require prioritised repayment such as tax liabilities payable to Inland Revenue of RM29,270,000. In such an event, the Group may require the funding support from a major shareholder of the Company, Tan Sri Lee Kim Tiong@Lee Kim Yew. As of 31 December, 2016, there is an unsecured non-current term loan payable to the major shareholder of RM75,428,000.</p> <p>The directors believe that the Group will be able to meet its short-term obligation as and when they fall due dependent upon the successful implementation of the Group's initiatives as disclosed in Note 37 to the financial statements.</p>	<p>Our audit procedures performed in the liquidity risk area included, we:</p> <ul style="list-style-type: none"> (a) Read the management's plan to monetise and unlock the value of the Group's assets in order to generate cash flows; (b) Reviewed the cash flow projections of the Group over the next 36 months based on the assumptions of cash inflows from property development activities and the successful negotiation with key bankers to reschedule certain loan repayment due dates; (c) Assessed the reasonableness of management's sensitivity analysis for any potential change in the assumptions and the resultant impact on available funds; (d) Evaluated management's initiatives to manage its working capital by improving efficiency and carrying out a cost reduction plan as well as continuing to derive cash inflows from its existing and new property development projects; and (e) Obtained a letter of undertaking from the major shareholder of the Company, Tan Sri Lee Kim Tiong@Lee Kim Yew stating that he will provide continued financial support as and when required. <p>We also considered the adequacy of the disclosures in the financial statements.</p>

Independent Auditors' Report

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (cont'd)

Key audit matters	How the scope of our audit responded to the key audit matter
<p><u>Revenue recognition on the sale of properties under development</u></p> <p>Revenue from the sale of properties under development is accounted for using the percentage of completion method where the outcome of development can be reliably estimated and is in respect of sales where the agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development.</p> <p>Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the outcome of the development projects. In making the judgement, the Group evaluates past experiences and relies on the work of specialists.</p> <p>The Group has made disclosure relating to sales of properties under development on Note 4(b)(i) to the financial statements.</p>	<p>Our audit procedures performed in the revenue recognition area included:</p> <ul style="list-style-type: none"> (a) Evaluated property development revenue recognition in accordance with FRS 201 <i>Property Development Activities</i>; (b) Assessed the reasonableness of the management-prepared budgets for property development projects and challenged management assumptions used in the preparation of the respective budget; (c) Checked actual development costs incurred to determine their appropriateness and that they have been recorded in the correct accounting period; (d) Checked sales and purchase agreements entered into between the Group and the property purchasers to determine that they had been recorded in the correct accounting period; (e) Evaluated the accounting treatment for the borrowing costs incurred on property development projects in accordance with the requirements of FRS 201 <i>Property Development Activities</i>; and (f) Performed site visit to arrive at an overall assessment as to whether that provided by management was reasonable.
<p><u>Revenue recognition for initial membership fees</u></p> <p>The Group recognises revenue from initial healthcare membership fees when the membership agreement is signed and a significant amount of the contracted membership fees is received.</p> <p>Whilst, for timeshare, a significant portion of initial membership fees is recognised as revenue when the membership agreement is signed and a significant amount of contracted membership fees is received. The revenue from the remaining initial membership fees is deferred and recorded as deferred income and amortised on a straight line basis over the remaining membership period.</p> <p>When determining the point of revenue recognition, the Group has exercised significant judgement in evaluating whether normal revenue recognition criteria have been met. In making their judgement, the Group's management considered the detailed revenue recognition criteria and, in particular, whether it is probable that the economic benefits associated with the transactions will flow to the Group.</p> <p>The Group has made disclosure relating to revenue recognition of sales of membership fees on Note 4(a)(iii) to the financial statements.</p>	<p>Our audit procedures performed in the revenue recognition area included:</p> <ul style="list-style-type: none"> (a) Selecting samples and checking whether the membership agreement had already been signed and also checking whether 30% of the membership fees had been received. (b) Assessing the reasonableness of the management's assumption that when 30% of the membership fees are received, the collectability of the remaining contract sum is reasonably assured and the recognition of the membership fees as revenue is appropriate, through checking: <ul style="list-style-type: none"> a. payment of rejoining fees for continuation of the membership; b. history of membership sales; c. historical rate of default on the installment payments by the customers; and d. the possibility of such transaction being terminated due to non-payment. (c) For timeshare membership fees, we assessed the reasonableness of the basis of allocation of a significant portion of initial membership fees is recognised as revenue in the year the membership agreement is signed and the remaining portion is deferred and amortised over the remaining membership period, through assessment of the reasonableness of the following: <ul style="list-style-type: none"> a. cost structure, including upfront and recurrent cost; b. whether the annual rejoining fee and amortisation of deferred revenue are enough to cover the recurrent cost incurred at reasonable margin; and c. appropriateness of the discount rate used to present value the deferred revenue.

Independent Auditors' Report

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (cont'd)

Key audit matters	How the scope of our audit responded to the key audit matter
<p><u>Impairment of property, plant and equipment</u></p> <p>The Group assesses whether there are any indications of impairment for its property, plant and equipment at the end of each reporting period. Impairment is tested when there are indicators that the carrying amount of an asset is lower than the recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group determines the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining the future cash flows and the discount rate.</p> <p>The key sources of estimation uncertainty relating to the impairment of property, plant and equipment have been disclosed in Note 4(b)(v) to the financial statements.</p>	<p>We challenged the assumptions used by management in their impairment assessment by comparing the projected growth rates, discount rates and forecast cash flows against historical trend achieved in the business.</p> <p>In addition, the Group engaged an independent valuer to determine the market value of its properties. We made a comparison of the recoverable amount prepared by management against the value determined by the independent valuer.</p> <p>We have assessed the competence, capabilities and objectivity of the valuer, and verified their qualifications, and challenged the variables and assumptions used by the valuer to determine the value of the properties.</p> <p>We performed a physical inspection of selecting samples of the assets to ensure the existence and the condition of the said assets.</p>
<p><u>Fair value of investment properties</u></p> <p>The Group adopts fair value method in measuring its investment properties.</p> <p>The fair values of the investment properties are based on the management's assessment of valuation which is determined annually after taking into consideration the selling prices of recent transactions and asking prices of similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, among others, valuation performed by independent valuer company in 2015.</p> <p>There are significant judgements and estimates to be made in relation to the valuation of the Group's investment properties and the key sources of estimation uncertainty has been disclosed in Note 4(b)(vii) to the financial statements.</p>	<p>We assessed the appropriateness of the independent valuers' scope of work and evaluated whether the independent valuers had sufficient expertise and resources to competently perform the said valuation of the Group's investment properties.</p> <p>We obtained the source information provided by management to the independent valuers to challenge the significant estimates included by the independent valuers in their valuation models.</p> <p>We have also assessed the adequacy and appropriateness of the disclosures relating to the valuation methodology and estimation made in the financial statements.</p>

Independent Auditors' Report

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (cont'd)

Key audit matters	How the scope of our audit responded to the key audit matter
<p><u>Allowance for doubtful debts</u></p> <p>Significant management judgement is required in determining the appropriate level of allowance to be made in respect of irrecoverable trade receivables.</p> <p>The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable.</p> <p>The key sources of estimation uncertainty relating to impairment of trade receivables are disclosed in Note 4(b)(vi) to the financial statements.</p>	<p>We have evaluated management's assumptions used in calculating the allowance for doubtful debts and checked the calculations supporting the allowance, testing the accuracy and completeness of the ageing reports used as basis to calculate the allowance.</p> <p>In order to assess the reasonableness of the allowance, we reviewed the ageing of receivables in comparison to previous years, reviewed the level of bad debt write offs in the current and prior years as well as checking the recoverability of outstanding receivables through examination of subsequent collections.</p> <p>In addition, we also reviewed legal files and obtained confirmation from the solicitors so as to determine the adequacy and appropriateness of allowance for doubtful debts for the receivables undergoing legal actions.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and auditors' reports of the subsidiaries of which we have not acted as auditors, as mentioned in Note 18 to the financial statements, being accounts that have been included in the financial statements of the Group;
- (c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) the audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out on page 171 of the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

SITI HAJAR BINTI OSMAN
Partner - 3061/04/17 (J)
Chartered Accountant

11 April, 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER, 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations					
Revenue	5	87,358	124,236	638	32,503
Cost of sales and services	6	(32,843)	(46,293)	(516)	(348)
Gross profit		54,515	77,943	122	32,155
Other operating income		10,458	19,613	3	-
Fair value gain on investment properties		-	16,056	-	-
Selling and marketing expenses		(6,816)	(15,520)	(4)	(5)
Administrative expenses		(25,255)	(24,649)	(377)	(824)
Other operating expenses		(75,012)	(70,192)	(9,594)	(1,010)
Finance costs	7	(11,645)	(11,174)	(1,900)	(633)
Share of result of associate		-	(186)	-	-
(Loss)/Profit before tax		(53,755)	(8,109)	(11,750)	29,683
Income tax credit	8	561	141	-	44
(Loss)/Profit for the year from continuing operations		(53,194)	(7,968)	(11,750)	29,727
Discontinued operations					
Loss from discontinued operations, net of tax	9	(1,380)	(1,263)	-	-
(Loss)/Profit for the year	10	(54,574)	(9,231)	(11,750)	29,727
Other comprehensive (loss)/income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations	26(c)	(121)	11	-	-
Total comprehensive (loss)/income for the year		(54,695)	(9,220)	(11,750)	29,727
(Loss)/Profit attributable to:					
Equity holders of the Company	13(a)	(48,521)	(8,612)	(11,750)	29,727
Non-controlling interests	18	(6,053)	(619)	-	-
(Loss)/Profit for the year		(54,574)	(9,231)	(11,750)	29,727
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(48,642)	(8,601)	(11,750)	29,727
Non-controlling interests	18	(6,053)	(619)	-	-
Total comprehensive (loss)/income for the year		(54,695)	(9,220)	(11,750)	29,727
Loss per share attributable to equity holders of the Company (sen):					
Basic	13(a)	(17.74)	(3.15)		
Diluted	13(b)	NA	NA		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER, 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	323,820	330,634	-	-
Investment properties	15	151,595	151,595	-	-
Prepaid lease payments	16	303,988	308,119	-	-
Land held for property development	17(a)	194,189	178,556	-	-
Investment in subsidiaries	18	-	-	617,015	625,855
Investment in an associate	19	-	-	-	-
Available-for-sale financial assets	20	2,734	2,816	718	718
Trade receivables - non-current portion	21	6,473	8,030	-	-
Deferred tax assets	32	4,947	4,633	-	-
Total Non-Current Assets		987,746	984,383	617,733	626,573
Current Assets					
Property development costs	17(b)	139,072	143,280	-	-
Inventories	22	88,776	85,760	-	-
Trade and other receivables	21	42,569	105,836	80,890	72,701
Tax recoverable		3,904	3,888	3,714	3,714
Cash and cash equivalents	23	12,856	20,806	24	1,450
		287,177	359,570	84,628	77,865
Assets classified as held for sale	9	400	-	-	-
Total Current Assets		287,577	359,570	84,628	77,865
TOTAL ASSETS		1,275,323	1,343,953	702,361	704,438
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	24	275,707	275,707	275,707	275,707
Treasury shares	25	(2,914)	(2,914)	(2,914)	(2,914)
Other reserves	26	210,102	213,290	76,299	76,299
Retained earnings	27	294,086	339,540	76,368	88,118
Equity attributable to equity holders of the Company		776,981	825,623	425,460	437,210
Non-controlling interests	19	20,114	25,857	-	-
Total Equity		797,095	851,480	425,460	437,210
Non-Current Liabilities					
Borrowings	28	169,162	101,735	82,023	10,333
Deferred income - non-current portion	30	35,626	33,905	-	-
Other payables	31	3,399	2,973	-	-
Deferred tax liabilities	32	78,699	79,685	-	-
Total Non-Current Liabilities		286,886	218,298	82,023	10,333
Current Liabilities					
Borrowings	28	44,667	92,948	25,339	62,775
Trade and other payables	33	115,785	132,924	169,539	194,120
Deferred income	30	1,345	1,453	-	-
Tax liabilities		29,270	46,850	-	-
		191,067	274,175	194,878	256,895
Liabilities classified as held for sales	9	275	-	-	-
Total Current Liabilities		191,342	274,175	194,878	256,895
Total Liabilities		478,228	492,473	276,901	267,228
TOTAL EQUITY AND LIABILITIES		1,275,323	1,343,953	702,361	704,438

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2016

Group	Note	◀ Non-distributable Reserves ▶				Distributable	Attributable	Non-Controlling Interests	Total Equity
		Share Capital	Treasury Shares	Share Premium	Other Reserves	Reserves - Retained Earnings	to Equity Holders of the Company		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As of 1 January, 2015		275,707	(146)	57,251	146,455	347,707	826,974	26,476	853,450
Loss for the year		-	-	-	-	(8,612)	(8,612)	(619)	(9,231)
Other comprehensive income		-	-	-	11	-	11	-	11
Total comprehensive income/(loss)		-	-	-	11	(8,612)	(8,601)	(619)	(9,220)
Shares bought-back held as treasury shares		-	(2,768)	-	-	-	(2,768)	-	(2,768)
Revaluation surplus		-	-	-	10,018	-	10,018	-	10,018
Transfer to retained earnings	26(b)	-	-	-	(445)	445	-	-	-
As of 31 December, 2015		275,707	(2,914)	57,251	156,039	339,540	825,623	25,857	851,480
As of 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)
Transfer to retained earnings	26(b)	-	-	-	(3,067)	3,067	-	-	-
Non-controlling interests arising from acquisition of a subsidiary		-	-	-	-	-	-	310	310
As of 31 December, 2016		275,707	(2,914)	57,251	152,851	294,086	776,981	20,114	797,095

Company	◀ Non-distributable Reserves ▶				Distributable	Total Equity
	Share Capital	Treasury Shares	Share Premium	Other Reserves	Reserves - Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January, 2015	275,707	(146)	57,251	19,048	58,391	410,251
Total comprehensive income for the year	-	-	-	-	29,727	29,727
Shares bought-back held as treasury shares	-	(2,768)	-	-	-	(2,768)
As of 31 December, 2015	275,707	(2,914)	57,251	19,048	88,118	437,210
As of 1 January, 2016	275,707	(2,914)	57,251	19,048	88,118	437,210
Total comprehensive loss for the year	-	-	-	-	(11,750)	(11,750)
As of 31 December, 2016	275,707	(2,914)	57,251	19,048	76,368	425,460

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER, 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
(Loss)/Profit before tax				
- Continuing operations	(53,755)	(8,109)	(11,750)	29,683
- Discontinued operations	(1,380)	(1,263)	-	-
Adjustments for:				
Depreciation of:				
- Hotel properties, exhibition centre and showroom	3,399	4,051	-	-
- Other properties, plant and equipment	6,087	6,246	-	-
Interest expense	11,645	11,185	1,900	633
Allowance for doubtful debts on trade and other receivables	13,971	2,515	-	-
Provision for termination and compensation cost	4,750	-	-	-
Amortisation of prepaid lease payments	4,131	4,123	-	-
Bad debts written off	2,243	-	-	-
Inventories written down	683	256	-	-
Property, plant and equipment written off	167	39	-	22
Amortisation of debt issuance costs	502	473	-	-
Loss on disposal of available-for-sale financial assets	124	-	-	-
Waiver of tax penalty expense	(2,302)	-	-	-
Amortisation of deferred income	(1,474)	(3,475)	-	-
Allowance for doubtful debts no longer required for trade receivables	(959)	(113)	-	-
Impairment losses of available-for-sale financial assets no longer required	(157)	-	-	-
Interest income	(227)	(583)	-	-
Net unrealised gain on foreign exchange	(128)	(169)	-	-
(Gain)/Loss on disposal of subsidiaries	(53)	-	2,585	-
Gain on disposal of property, plant and equipment	(11)	(8)	-	-
Imputed interest (income)/expense on receivables	-	(41)	-	-
Fair value gain on investment properties	-	(16,056)	-	-
Waiver of debts owing to other payables	-	(12,450)	-	-
Allowance for impairment losses on available-for-sale financial assets	-	26	-	-
Goodwill on consolidation written off	-	758	-	-
Share of results of an associate	-	186	-	-
Allowance for impairment losses on investment in associated company	-	41	-	41
Available-for-sale financial assets written off	-	80	-	-
Allowance for impairment losses in investment in subsidiaries	-	-	6,930	-
Dividend income	-	-	-	(32,175)
Operating Loss Before Working Capital Changes	(12,744)	(12,288)	(335)	(1,796)
(Increase)/Decrease in:				
Inventories	550	645	-	-
Property development costs	(14,690)	(18,309)	-	-
Receivables	49,442	11,021	(296)	(76)
Increase/(Decrease) in:				
Deferred income	3,197	(1,173)	-	-
Payables	(21,147)	30,326	2,746	(788)
Subsidiaries	-	-	2,514	(33,328)
Cash Generated From/(Used In) Operations	4,608	10,222	4,629	(35,988)
Income tax refunded	121	-	-	-
Income tax paid	(16,156)	(5,937)	-	-
Net Cash (Used In)/From Operating Activities	(11,427)	4,285	4,629	(35,988)

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER, 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		343	16	-	-
Proceeds from disposal of subsidiaries		30	-	15	-
Payment for acquisition of subsidiary		-	-	(690)	-
Proceeds from disposal of available-for-sale financial assets		115	-	-	-
Non-controlling interests arising from acquisition of a subsidiary		310	-	-	-
Interest received		227	583	-	-
Payment for:					
Other property, plant and equipment		(2,057)	(4,189)	-	-
Land held for property development		(989)	-	-	-
Dividend received		-	-	-	21,000
Net Cash (Used In)/From Investing Activities		(2,021)	(3,590)	(675)	21,000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Repayment of:					
Revolving credits		(2,200)	(2,400)	-	-
Hire purchase and finance lease		(28)	(242)	-	(104)
Term loans		(21,816)	(55,996)	(5,880)	(15,539)
Interest paid		(11,645)	(11,185)	(1,900)	(633)
Payment for buy-back of treasury shares		-	(2,768)	-	(2,768)
Increase in bank overdrafts		27	-	-	-
Proceeds from term loans		42,417	45,265	2,400	35,414
Net Cash From/(Used In) Financing Activities		6,755	(27,326)	(5,380)	16,370
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,693)	(26,631)	(1,426)	1,382
Effects of foreign exchange rate changes		(1,257)	(110)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		20,806	47,547	1,450	68
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	12,856	20,806	24	1,450

* During the current financial year, the Group and the Company acquired other property, plant and equipment through the following arrangements:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total costs of other property, plant and equipment	2,283	4,194	-	-
Less: Purchase consideration satisfied by				
Hire purchase	(226)	-	-	-
Other payables	-	(5)	-	-
Total acquisition satisfied by cash	2,057	4,189	-	-

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2016

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries and associate are disclosed in Notes 18 and 19 respectively.

There have been no significant changes in the nature of the principal activities of the Company, its subsidiaries and associate during the financial year.

The registered office and principal place of business of the Company is located at 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 11 April, 2017.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act, 1965 in Malaysia.

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

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 should apply the MFRS Framework for annual periods beginning on or after 1 January, 2012, with the exception for Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August, 2013, the transitional period for TEs was 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 on or after 1 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 on or after 1 January, 2017 while the Bearer Plants amendment 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.

Adoption of New and Revised Financial Reporting Standards and Amendments

In the current financial year, the Group and the Company adopted all the new and revised FRSs and amendments to FRSs issued by MASB that are effective for annual financial periods beginning on or after 1 January, 2016:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs	Annual Improvements to FRSs 2012-2014 Cycle

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

New and revised Standards in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments ² (IFRS 9 as issued by 1 ASB in July 2014) ²
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to FRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts ²
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to FRS 107	Disclosure Initiative ¹
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Clarifications to MFRS 15	Revenue from Contracts with Customers ¹
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to FRS 12	Disclosure of Interests in Other Entities ¹
Amendments to FRS 128	Investments in Associates and Joint Ventures ²
Amendments to FRS 140	Transfers of Investment Property ²
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to FRSs	Annual Improvements to FRSs 2014-2016 Cycle ¹
Amendments to FRSs	Annual Improvements to FRSs 2014-2016 Cycle ²

¹ Effective for annual periods beginning on or after 1 January, 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January, 2018, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced, with earlier application permitted.

The Group and the Company are currently performing an assessment of the impact resulting from the application of the new and revised Standards and have not yet quantified the financial impact, if any, from the adoption of the new and revised Standards.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 117 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value-in-use in FRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted at the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Where the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *FRS 139 Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

When applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant FRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with *FRS 112 Income Taxes* and *FRS 119 Employee Benefits*, respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with *FRS 2 Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with *FRS 5 Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items of which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Investment in Subsidiaries

Investment in subsidiaries, which is eliminated on consolidation, is stated at cost less any accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Investment in an Associate and a Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment in an Associate and a Joint Venture (cont'd)

The results and assets and liabilities of an associate or a joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with *FRS 136 Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that is not related to the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Goodwill on Consolidation

Goodwill arising on the acquisition of subsidiary represents the excess of cost of the acquisition over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, and is initially recognised as an asset at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Non-current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Properties

Revenue from sale of properties under development is accounted for using the percentage of completion method where the outcome of development can be reliably estimated and is in respect of sales where agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development.

Revenue from the sale of completed properties is measured at the fair value of the consideration received or receivable and is recognised when the Group has transferred the significant risks and rewards of ownership of the properties, and when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

(ii) Revenue from Hotel Operations

Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(iii) Management Fees

Management fees are recognised when services are rendered.

(iv) Initial Membership Fees

Healthcare

Revenue from initial membership fees (participation fees) is recognised when the membership agreement is signed and a significant amount of the contracted membership fees is received.

Timeshare

A significant portion of initial membership fees (participation fees) is recognised as revenue when the membership agreement is signed and a significant amount of the contracted membership fees is received. The revenue from the remaining initial membership fees is deferred and recorded as deferred income and amortised on a straight-line basis over the remaining membership period.

(v) Subscription Fees

Subscription fees are recognised as revenue when due and payable pursuant to membership agreements.

(vi) Annual Maintenance Fees

Annual maintenance fees (rejoining fees) are recognised on an accrual basis based on fees chargeable to members upon execution and renewal of the membership agreements, unless recoverability is in doubt, in which case, they are recognised on receipt basis.

(vii) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease and includes service charges on general maintenance services rendered to the tenants.

(viii) Revenue from Services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(ix) Interest Income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

(x) Revenue from Rental of Promotion Spaces

Revenue from rental of promotion spaces is recognised on an accrual basis.

(xi) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(xii) Deferred Income

The portion of the membership fees from timeshare membership sales disclosed under Note 3 (iv) Revenue Recognition above, which is deferred and recorded as deferred income, is recognised over the membership period.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the end of the reporting period;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January, 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January, 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits

(i) Short-term benefits

Wages, salaries, paid annual leave, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions, if any, if the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the end of the reporting period.

Deferred tax is provided for, using the "liability" method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax (if any) is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for hotel properties, exhibition centre and showroom are stated at cost less accumulated depreciation and any accumulated impairment losses.

Hotel Properties, Exhibition Centre and Showroom

Hotel properties, exhibition centre and showroom consist of hotels, an exhibition centre and showroom building. The land on which the properties are situated is leasehold and is classified as prepaid land lease payments. The properties are stated at their deemed cost, which is the revalued amount at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. They, together with certain freehold land and buildings were revalued based on independent valuations on an open market value basis in 1994 and have not been revalued since then. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, as approved by the Malaysian Accounting Standards Board, these assets continued to be stated on the basis of their 1994 valuations less accumulated depreciation and any accumulated impairment.

Depreciation of hotel properties, exhibition centre and showroom is provided over the leasehold period of the land of 77 years.

Other Property, Plant and Equipment

Freehold land and freehold golf courses included in golf clubs and courses and boat clubs have unlimited useful lives and are therefore not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Freehold buildings	2%
Leasehold buildings, other than hotel properties, exhibition centre and showroom	2% - 10%
Golf clubhouse	
- Freehold	2% - 20%
- Leasehold	2% - 10%
Irrigation system and equipment included in golf courses and boat clubs	10%
Office furniture and fittings, office equipment and renovation	10% - 20%
Plant, machinery and equipment	10% - 33.3%
Motor vehicles	10% - 20%

The estimated residual values, useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An annual transfer from the asset revaluation reserve presented as other reserve to retained earnings is made for the difference between the depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

Prepaid Lease Payments

Leasehold land that has an indefinite economic life and title is not expected to pass to the Group by the end of the lease period is classified as operating lease. The upfront payments for the right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised. The prepaid lease payments are amortised on a straight-line basis over the remaining lease terms ranging from 74 to 178 years (2015: 75 to 179 years).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the period in which they arise.

Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as a non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is transferred to property development costs when development activities have commenced and when the development activities can be completed within the normal operating cycle.

Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion of the property development costs incurred for work performed to date bears to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that are probable of recovery, and property development costs on properties sold are recognised as an expense in the period in which they are incurred. Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings and included in trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings under trade payables.

Impairment of Assets Excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets Excluding Goodwill (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories, which comprise completed properties held for sales, are measured at the carrying amount of the property at the date of reclassification from properties under development and are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Completed property units for sale are valued at the lower of cost and net realisable value. Cost is determined using the "specific identification" method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that the Group and the Company will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

(a) Financial Assets

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held to maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(i) Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategies, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and *FRS 139 Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the statements of profit or loss and other comprehensive income.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

(iii) AFS Financial Assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment or financial assets at fair value through profit or loss. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

(iii) AFS Financial Assets (cont'd)

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(iv) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(v) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been affected.

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(a) Financial Assets (cont'd)

(v) Impairment of Financial Assets (cont'd)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(vi) Derecognition of Financial Assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated equity is recognised in profit or loss.

(b) Financial Liabilities and Equity Instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(i) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. It is subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

(iii) Financial Liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(b) Financial Liabilities and Equity Instruments issued by the Group (cont'd)

(iii) Financial Liabilities at FVTPL (cont'd)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and *FRS 139 Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statements of profit or loss and other comprehensive income.

(iv) Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(v) Derecognition of Financial Liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents are short-term, highly liquid investments and are readily convertible to cash with insignificant risks of changes in value.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgement and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately.

If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Operating Lease Commitments - The Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

(iii) Revenue Recognition

The Group recognised revenue from the sale of membership relating to Golden Horses Health Sanctuary Programme ("GHHS"), Traditional Chinese Medicine Programme ("TCM") and Palace Vacation Club ("PVC"). GHHS, TCM and PVC are membership programmes involving the provision of vacation and preventive healthcare services to its members. The memberships are valid for a duration ranging from 5 to 37 years.

The membership fees comprise participation and rejoining fees. Participation fees represent upfront payment (which are allowed to be settled by customers by interest-free instalments) upon execution of membership agreements whereas rejoining fees are due and payable on a yearly basis (except for the first year where no rejoining fees are charged) pursuant to the membership agreements. The Group recognises revenue from participation fee, or a portion thereof, upon signing of membership agreement and collectability of the contract sum is reasonably assured. When a significant amount of the contracted participation fee has been collected, and the collectability of the remaining amount is reasonably assured, the Group records the participation fee, or a portion thereof, as revenue and any unsettled sum is recognised as trade receivables.

When determining the point of revenue recognition, the Group exercised significant judgement in evaluating whether revenue recognition criteria were met. In making their judgement, the Group considered the detailed revenue recognition criteria and, in particular, whether it is probable that the economic benefits associated with the transactions will flow to the Group. Following the consideration of the terms and conditions underlying the membership agreements, the fact that all other services in subsequent years are paid for separately through rejoining fees, the limitation on the members' abilities for refund of the participation fees, the requirement for the payment of the rejoining fees for continuation of the membership, the history of membership sales, the historical rate of default on the instalment payments by customers and the possibility of such transaction being terminated due to non-payment, the Group satisfied that when 30% of the participation fees are received, the collectability of the remaining contract sum is reasonably assured and the recognition of the participation fees, or a portion thereof, as revenue is appropriate.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Property Development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The percentage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the outcome of the development projects. In making the judgement, the Group evaluates past experiences and relies on the work of specialists.

(ii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised. Significant judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Income Tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Estimated Useful Lives of Property, Plant and Equipment

The Group reviews the estimated useful lives of certain property, plant and equipment at the end of the reporting period. Fixed assets are depreciated over their useful economic lives. The amount of estimated useful lives is a matter of judgement based on the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value.

(v) Impairment of Property, Plant and Equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than the recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining the future cash flows and the discount rate.

(vi) Allowance for Doubtful Debts

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

(vii) Fair Value of Investment Properties

The fair value of the Group's investment properties as of 31 December, 2015 has been arrived at on the basis of a valuation carried out by an independent valuer not related to the Group, in accordance with Malaysia Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The fair value was determined based on independent professional valuations with reference to direct comparison method, being comparison of current prices in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences, investment method, being the projected net income and other benefits that the subject property can generate over the life of the property capitalised at market derived yields to arrive at the present value of the property and cost method of valuation, being assumed to have a direct relationship with its cost of construction, is then adjusted to allow for cost of finance, profit and demand to reflect its profitable present market value.

No valuation carried out by independent valuers in the current financial year. The Group determines the fair value of its investment properties by reference to the selling prices of recent transactions and asking prices of similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the Group's investment properties. Further details are disclosed in Note 15.

5. REVENUE

The following is an analysis of the Group's and of the Company's revenue for the year from continuing operations:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development and sale of completed properties	17,952	41,727	-	-
Property investment	22,032	21,841	-	-
Hospitality and health	47,344	60,429	-	-
Others	30	239	-	-
Dividend income from subsidiaries	-	-	-	32,175
Lease rental receivable from subsidiaries	-	-	638	328
	87,358	124,236	638	32,503

6. COST OF SALES AND SERVICES

The following is an analysis of the Group's and of the Company's cost of sales and services for the year from continuing operations:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development	7,574	20,063	-	-
Cost of inventories sold	1,374	1,026	-	-
Cost of services rendered	23,895	25,204	516	348
	32,843	46,293	516	348

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

7. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations				
Interest expense on:				
Term loans, revolving credits, and bank overdrafts	11,525	10,735	1,900	633
Hire purchase and finance lease	51	30	-	-
Others	69	409	-	-
	11,645	11,174	1,900	633

8. INCOME TAX CREDIT

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Estimated tax payable:				
Continuing operations				
Current year	-	169	-	-
Underprovision in prior years	743	292	-	-
	743	461	-	-
Discontinued operations				
Overprovision in prior years	(2)			
	741	461	-	-
Deferred tax (Note 32):				
Continuing operations				
Relating to origination and reversal of temporary differences	-	364	-	(44)
Reversal of temporary differences in respect of depreciation on revaluation surplus	(925)	(986)	-	-
(Over)/Underprovision in prior years:				
Malaysia	(377)	20	-	-
	(1,302)	(602)	-	(44)
Tax credit for the year	(561)	(141)	-	(44)
Continuing operations	(559)	(141)	-	(44)
Discontinued operations (Note 9)	(2)	-	-	-
	(561)	(141)	-	(44)

The Malaysian income tax is calculated at the statutory rate of 24% (2015:25%) of the estimated taxable profits for the year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be expected rates.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax rate applicable to the subsidiaries in South Africa, which were making losses, is 28% (2015: 28%).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

8. INCOME TAX CREDIT (cont'd)

A reconciliation of income tax (credit)/expense applicable to (loss)/profit before tax at the applicable statutory income tax rate to income tax (credit)/expense at the effective income tax rates of the Group and of the Company is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax				
Continuing operations	(53,755)	(8,109)	(11,750)	29,683
Discontinued operation	(1,382)	(1,263)	-	-
	(55,137)	(9,372)	(11,750)	29,683
Taxation at Malaysian statutory income tax rate of 24% (2015: 25%)	(13,233)	(2,343)	(2,820)	7,421
Tax effects of:				
Non-deductible expenses	3,504	1,458	2,794	579
Non-taxable income	-	-	-	(8,044)
Deferred tax assets not recognised	9,729	1,480	26	-
Reversal of deferred tax liabilities in respect of depreciation transfer on revalued hotel properties, exhibition centre and showroom	(925)	(986)	-	-
Effect of deferred tax due to reduction in tax rate	-	(62)	-	-
Underprovision in prior years in respect of:				
Current tax	741	292	-	-
Deferred tax	(377)	20	-	-
Tax credit for the year	(561)	(141)	-	(44)

9. DISCONTINUED OPERATIONS

Pre-school education business

On 1 June, 2016, a subsidiary, Tadika Sri Moral Sdn Bhd, entered into a sale agreement to dispose of its pre-school education business. The sale consideration is determined based on the carrying amount of the net assets of the business transferred. No impairment losses were recognised on the reclassification of the operation as held for sale. The disposal was completed on 1 June, 2016 and the details of the related assets and liabilities disposed of are disclosed in Note 18.

Educational related services business

On 8 February, 2017, the Company entered into a share sale agreement with CUCMS Education Sdn Bhd ("CESB") to dispose of 1,000,000 ordinary shares of RM1.00 each in Country Heights Education Sdn Bhd ("CHESB"), representing 70% of the ordinary shares in CHESB, and 6,771,000 cumulative preference shares of RM0.01 each in CHESB, for a total cash consideration of RM105,001.

On 7 March, 2017, the Company entered into a Deed of Termination with CESB whereby both parties agreed to rescind the said share sale agreement. Notwithstanding the termination of the agreement, the directors expect that the carrying amount of the disposal group relating to CHESB will be recovered principally through a sale transaction in 2017.

In view of the above, the assets and liabilities of CHESB have been classified and accounted for at 31 December, 2016 as a disposal group held for sale and the current financial year results of the Group relating to the abovementioned businesses have been presented as discontinued operations. Accordingly, the comparative statements of profit or loss and other comprehensive income of the Group have been re-presented to include those operations classified as discontinued in the current financial year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

9. DISCONTINUED OPERATIONS (cont'd)

	Group	
	2016 RM'000	2015 RM'000
Loss for the year from discontinued operations		
Revenue	1,569	1,781
Expenses	(2,951)	(3,044)
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Loss before tax	(1,382)	(1,263)
Income tax credit (Note 8)	2	-
<hr/>		
Loss for the year, net of tax	(1,380)	(1,263)
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The assets and liabilities of the disposal group as of 31 December, 2016 are as follows:

	Group 2016 RM'000
Assets classified as held for sale	
Property, plant and equipment (Note a)	250
Inventories	5
Trade and other receivables	127
Cash and bank balances	18
<hr/>	
	400
<hr/>	
Liabilities classified as held for sale	
Trade and other payables	165
Deferred income	110
<hr/>	
	275
<hr/>	
Net assets of disposal group	125
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No impairment losses in respect of the disposal group relating to CHESB have been recognised by the Group at the end of the reporting period as the directors expect its net assets will be fully recovered through its disposal in 2017.

The carrying value of property, plant and equipment is the same as its carrying value before it was reclassified to current asset.

Note a

Property, plant and equipment held for sale comprise the following:

	Group 2016 RM'000
Cost	2,026
Accumulated depreciation	(1,776)
<hr/>	
	250
<hr/>	

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

10. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

(Loss)/Profit for the year from continuing operations has been arrived at after charging/(crediting):

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employee benefits expense	11	35,546	41,892	28	8
Impairment loss recognised on trade and other receivables	21	13,971	2,515	-	-
Depreciation of:					
- hotel properties, exhibition centre and showroom	14	3,399	4,051	-	-
- other property, plant and equipment	14	6,087	6,246	-	-
Amortisation of prepaid lease payments	16	4,131	4,123	-	-
Rental of premises		760	968	-	-
Lease rental expense		755	629	516	348
Imputed interest income on receivables		-	(41)	-	-
Auditors' remuneration:					
Statutory audit:					
- auditors of the Group		307	427	71	71
- other auditors		140	56	-	-
Non-audit services:					
- auditors of the Group		35	316	5	5
- other auditor		8	-	-	-
Rental of equipment		168	188	-	-
Non-executive directors' remuneration	12	121	154	121	154
Executive directors' remuneration excluding benefits-in-kind	12	2,120	3,165	-	-
(Gain)/Loss on disposal of:					
Investment in subsidiaries	18	(53)	-	2,585	-
Available-for-sale financial asset		124	-	-	-
Property, plant and equipment		(11)	(8)	-	-
Allowance for impairment losses on:					
Investment in subsidiaries	18	-	-	6,930	-
Available-for-sale financial asset		-	26	-	-
Allowance for impairment losses on available-for-sale financial asset no longer required		(157)	-	-	-
Property, plant and equipment written off		167	39	-	22
Rental income		(433)	(1,096)	-	-
Allowance for doubtful debts no longer required for trade receivables	21	(959)	(113)	-	-
Amortisation of:					
- deferred income		(1,474)	(3,475)	-	-
- debt issuance costs		502	473	-	-
Interest income on:					
- short-term deposits		(223)	(567)	-	-
- others		(4)	(16)	-	-
Net unrealised gain on foreign exchange		(128)	(169)	-	-
Goodwill on consolidation written off		-	758	-	-
Inventories written down	22	683	256	-	-
Waiver of debt owing to other payables		-	(12,450)	-	-
Waiver of tax penalty expense		(2,302)	-	-	-
Bad debt written off		2,243	-	-	-
Termination and compensation cost *		6,899	-	-	-
Allowance for impairment loss on associate		-	41	-	41
Available-for-sale financial assets written off		-	80	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

10. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (cont'd)

- * Termination and compensation cost of RM6,899,000 was incurred during the current financial year as a result of termination of the sales of a property development project with the purchasers. Included in the termination and compensation cost is an amount of RM4,750,000 which represents the provision for termination and compensation cost payable to purchasers as mentioned in Note 33.

11. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	27,923	33,374	4	(62)
Social security costs	319	361	-	-
Contribution to defined contribution plans	3,202	3,756	-	-
Other staff related expenses	4,102	4,401	24	70
	35,546	41,892	28	8

Included in employee benefits expense of the Group are remuneration (excluding benefits-in-kind) of executive directors of the Group amounting to RM2,120,000 (2015: RM3,165,000), as disclosed in Note 12.

12. DIRECTORS' REMUNERATION

Non-Executive Directors :

- (i) Lee Cheng Wen*
- (ii) Nik Hassan bin Nik Mohd Amin
- (iii) Chew Chong Eu
- (iv) Chua Hee Boon

Executive Directors :

- (i) Tan Sri Lee Kim Tiong @ Lee Kim Yew #
- (ii) Lee Thai Young Matahari
- (iii) Lee Sow Lin
- (iv) Har Soon Thim
- (v) Yip Chun Mun

Tan Sri Lee Kim Tiong @ Lee Kim Yew was redesignated from Non-Executive Director to Executive Director effective from 1 October, 2016.

* Ms Lee Cheng Wen was redesignated from Executive Director to Non-Executive Director effective from 1 October, 2016.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

12. DIRECTORS' REMUNERATION (cont'd)

Directors' remuneration of the Group and the Company are as follows:

	Note(s)	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors of the Company					
Non-Executive Directors					
Fees and other emoluments	10	121	154	121	154
Benefits-in-kind		5	12	5	12
		126	166	126	166
Directors of Subsidiaries					
Executive Directors					
Salaries and other emoluments		1,894	2,743	-	-
Bonus		-	79	-	-
Contribution to defined contribution plans		226	343	-	-
Benefits-in-kind		31	29	-	-
		2,151	3,194	-	-
Analysis excluding benefits-in kind:					
Total non-executive directors' remuneration	10	121	154	121	154
Total executive directors' remuneration excluding benefits-in-kind	10&11	2,120	3,165	-	-
Total directors' remuneration excluding benefits-in-kind		2,241	3,319	121	154

13. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2016 RM'000	2015 RM'000
Loss attributable to ordinary equity holders of the Company (RM'000)	(48,521)	(8,612)
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	273,557	273,557
Basic loss per share from continuing operations (sen)	(17.74)	(3.15)

(b) Diluted

There is no dilution in earnings per share as the Company has no potential dilutive ordinary shares.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

14. PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Hotel properties, exhibition centre and showroom	254,617	258,016	-	-
Other property, plant and equipment	69,203	72,618	-	-
	323,820	330,634	-	-

Hotel Properties, Exhibition Centre and Showroom

Group	Note	Hotel Properties RM'000	Exhibition Centre and Showroom RM'000	Total RM'000
At Cost				
As of 1 January, 2015		306,016	134,840	440,856
Revaluation reserve	26(b)	8,808	-	8,808
Transfer to investment properties	15	(71,689)	-	(71,689)
As of 1 January, 2015/31 December, 2015/1 January, 2016		243,135	134,840	377,975
Accumulated Depreciation				
As of 1 January, 2015		29,518	7,670	37,188
Charge for the year	10	3,198	853	4,051
Transfer to investment properties	15	(6,987)	-	(6,987)
As of 31 December, 2015/1 January, 2016		25,729	8,523	34,252
Charge for the year	10	2,546	853	3,399
As of 31 December, 2016		28,275	9,376	37,651
Accumulated Impairment Losses				
As of 31 December, 2015/2016		24,162	61,545	85,707
Net Carrying Amount				
As of 31 December, 2016		190,698	63,919	254,617
As of 31 December, 2015		193,244	64,772	258,016

The hotel properties, exhibition centre and showroom with an aggregate net carrying amount of RM254,617,000 (2015: RM258,016,000) were pledged as security for borrowings as disclosed in Notes 28(b)(vi) and 28(b)(vii).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Other Property, Plant and Equipment

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs, Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Total RM'000
Cost								
As of 1 January, 2016		2,134	11,865	114,965	77,290	50,492	6,633	263,379
Additions		-	-	1,342	930	11	-	2,283
Transfer to assets held for sale	9	-	-	(1,945)	-	-	(81)	(2,026)
Disposals		-	-	(325)	(1,795)	-	(816)	(2,936)
Write-offs		-	-	(1,614)	(82)	-	310	(1,386)
Exchange differences		-	-	54	-	1,357	-	1,411
As of 31 December, 2016		2,134	11,865	112,477	76,343	51,860	6,046	260,725
Accumulated Depreciation								
As of 1 January, 2016		191	3,863	94,859	74,431	11,512	5,905	190,761
Charge for the year	10	41	415	3,837	987	508	299	6,087
Disposals		-	-	(89)	(1,795)	-	(720)	(2,604)
Transfer to assets held for sale	9	-	-	(1,695)	-	-	(81)	(1,776)
Write-offs		-	-	(1,369)	(130)	55	225	(1,219)
Exchange differences		-	-	52	-	221	-	273
As of 31 December, 2016		232	4,278	95,595	73,493	12,296	5,628	191,522
Net Carrying Amount		1,902	7,587	16,882	2,850	39,564	418	69,203

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs, Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
Cost									
As of 1 January, 2015		2,134	19,066	112,329	76,566	51,148	7,306	7,195	275,744
Additions		-	5	3,448	741	-	-	-	4,194
Revaluation reserve	26(b)	-	1,210	-	-	-	-	-	1,210
Transfer to investment properties	15	-	(8,416)	-	-	-	-	-	(8,416)
Transfer to property development costs	17(b)	-	-	-	(21)	-	-	(7,195)	(7,216)
Disposals		-	-	(337)	(1)	-	(673)	-	(1,011)
Write-off		-	-	(445)	-	-	-	-	(445)
Reclassification		-	-	(5)	5	-	-	-	-
Exchange differences		-	-	(25)	-	(656)	-	-	(681)
As of 31 December, 2015		2,134	11,865	114,965	77,290	50,492	6,633	-	263,379

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Other Property, Plant and Equipment (cont'd)

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs, Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
Accumulated Depreciation									
As of 1 January, 2015		91	3,522	92,100	72,926	11,151	6,261	-	186,051
Charge for the year	10	41	400	3,531	1,489	468	317	-	6,246
Disposals		-	-	(329)	(1)	-	(673)	-	(1,003)
Write-off		-	-	(406)	-	-	-	-	(406)
Reclassification		59	(59)	(11)	17	(6)	-	-	-
Exchange differences		-	-	(26)	-	(101)	-	-	(127)
As of 31 December, 2015		191	3,863	94,859	74,431	11,512	5,905	-	190,761
Net Carrying Amount		1,943	8,002	20,106	2,859	38,980	728	-	72,618

Company	Office Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Renovation RM'000	Total RM'000
Cost					
As of 1 January, 2015	78	523	1,171	129	1,901
Transfer to a subsidiary	(74)	(442)	(1,171)	(78)	(1,765)
Write-offs	(4)	(81)	-	(51)	(136)

As of 31 December, 2015/1 January, 2016/31 December, 2016	-	-	-	-	-
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Accumulated Depreciation					
As of 1 January, 2015	49	359	912	73	1,393
Transfer to a subsidiary	(46)	(281)	(912)	(40)	(1,279)
Write-offs	(3)	(78)	-	(33)	(114)

As of 31 December, 2015/1 January, 2016/31 December 2016	-	-	-	-	-
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Net Carrying Amount					
As of 31 December, 2016/31 December 2015	-	-	-	-	-

- The net carrying amount of other property, plant and equipment of the Group held under hire-purchase and finance lease arrangements at the end of the reporting period is RM739,000 (2015: RM523,000).
- Other property, plant and equipment of the Group with net carrying amount of RM18,975,000 (2015: RM18,668,000) were charged as security for borrowings as disclosed in Notes 28(a)(i), 28(b)(iv) and 28(b)(vii).
- Certain subsidiary is in the process of obtaining the strata titles for certain apartment units included in freehold buildings from the respective developers. The net book value of those apartment units amounted to RM1,815,000 (2015: RM1,856,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) Included in other property, plant and equipment of the Group and of the Company are the following fully depreciated assets which are still in use:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost:				
Office, furniture and fittings	95,357	96,248	-	-
Plant, machinery and equipment	54,438	55,442	-	-
Motor vehicles	4,805	4,855	-	-
	154,600	156,545	-	-

15. INVESTMENT PROPERTIES

	Note	Group	
		2016 RM'000	2015 RM'000
At beginning of year		151,595	62,036
Change in fair value of investment properties		-	16,056
Transfer from prepaid land lease	16	-	385
Transfer from other property, plant and equipment	14	-	8,416
Transfer from hotel properties, exhibition centre and showroom	14	-	64,702
At end of year		151,595	151,595

The following investment properties are held under lease terms:

	Group	
	2016 RM'000	2015 RM'000
Leasehold land	74,135	77,838
Buildings	47,730	50,225
	121,865	128,063

Certain investment properties with a total carrying amount of RM56,778,000 (2015: RM128,063,000) were charged as security for borrowings as disclosed in Notes 28(b)(iii) and 28(b)(vii).

The rental income earned by the Group from its investment properties during the year amounted to RM8,771,000 (2015: RM6,661,000). Direct operating expenses arising from the renting of investment properties during the year amounted to RM2,000,000 (2015: RM2,857,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

15. INVESTMENT PROPERTIES (cont'd)

Fair value information

The fair value of the Group's investment properties as of 31 December, 2015 have been arrived at on the basis of a valuation carried out by independent valuers not related to the Group and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were determined in reference to the selling price of recent transactions and asking prices of similar properties of nearby location.

No valuation is carried out by independent valuers in the current financial year. The Group determines the fair values of its investment properties by reference to the selling price of recent transactions and asking prices of similar properties of in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, terrain, size, present market trends and other differences. The directors believe that assessment made by management is appropriate in determining the fair value of the Group's investment properties as there has been no significant change to the market value of the Group's investment properties during the financial year.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December, 2016 and 31 December, 2015 are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2016				
Investment properties	-	-	151,595	151,595
2015				
Investment properties	-	-	151,595	151,595

Transfer between Level 1 and Level 2 fair values

There was no transfer between Level 1 and 2 fair values during the financial year.

16. PREPAID LEASE PAYMENTS

	Note	Group 2016 RM'000	Group 2015 RM'000
At beginning of year		308,119	313,641
Amortisation for the year	10	(4,131)	(4,123)
Transfer to investment properties	15	-	(385)
Transfer to property development cost	17(b)	-	(1,014)
At end of year		303,988	308,119

The prepaid lease payments related to long-term leasehold land of the Group.

The unexpired portions of the leasehold land as at 31 December, 2016 are within the range of 73 to 177 years (2015: 74 to 178 years).

Land held under prepaid lease payments with a carrying amount of RM127,485,000 (2015: RM129,187,000) were charged as security for borrowings as disclosed in Notes 28(a)(i), 28(b)(vi) and 28(b)(vii).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

Group	Note	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Cost/Carrying amount				
As of 1 January, 2015		86,430	88,405	174,835
Additions		5,153	-	5,153
Transfer to property development costs	17(b)	-	(1,432)	(1,432)
As of 31 December, 2015/1 January, 2016		91,583	86,973	178,556
Additions		989	-	989
Transfer from property development costs	17(b)	14,644	-	14,644
As of 31 December, 2016		107,216	86,973	194,189

Included in land held for property development are certain parcels of land with an aggregate carrying value of RM29,422,000 (2015: RM15,312,000) for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Land held for property development with a carrying amount of RM42,302,000 (2015: RM43,686,000) were charged as security for borrowings as disclosed in Note 28(a)(ii) and 28(b)(v).

(b) Property Development Costs

	Note	Group	
		2016 RM'000	2015 RM'000
At beginning of year:			
Freehold land - at cost		128,860	130,426
Leasehold land - at cost		1,177	163
Development expenditure		466,858	411,914
		596,895	542,503
Costs incurred during the year:			
Development expenditure		15,138	44,730
Cost recognised in profit or loss:			
Previous years		(453,615)	(420,475)
Current year		(5,589)	(33,140)
Reversal of development project due to termination of the sales of a project		5,141	-
		(454,063)	(453,615)
Transfers (to)/from:			
Land held for property development	17(a)	(14,644)	1,432
Prepaid lease payments	16	-	1,014
Inventories		(4,254)	-
Other property, plant and equipment	14	-	7,216
		(18,898)	9,662
At end of year		139,072	143,280

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

(b) Property Development Costs (cont'd)

Interest on borrowing capitalised for the financial year amounting to RM252,162 (2015: RM271,930).

The property development costs with a carrying amount of RM74,492,000 (2015: RM64,831,000) were charged as security for borrowings as disclosed in Note 28(b)(vii).

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	221,202	223,112
Redeemable cumulative preference shares	414,053	414,053
	635,255	637,165
Less: Accumulated impairment losses	(18,240)	(11,310)
Net	617,015	625,855

Movement in the accumulated impairment losses is as follows:

	Company	
	2016 RM'000	2015 RM'000
At beginning year	11,310	11,310
Impairment loss recognised (Note 10)	6,930	-
At end of year	18,240	11,310

The details of the subsidiaries are as follows:

Names of Subsidiaries	Country of Incorporation and Operation	Principal Activities	Proportion of Ownership Interest	
			2016 %	2015 %
Country Heights Sdn Bhd	Malaysia	Property development	100	100
College Heights Utara Sdn Bhd	Malaysia	Property development	100	100
Borneo Heights Sdn Bhd	Malaysia	Property development and property investment	70	70
Tindak Murni Sdn Bhd	Malaysia	Property development	100	100
Country Heights Industries Sdn Bhd	Malaysia	Property development and investment holding	100	100
+Country Heights W.T.C Sdn Bhd	Malaysia	Investment holding	100	100
+Country Heights Properties Sdn Bhd	Malaysia	Property management and investment holding	100	100

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Names of Subsidiaries	Country of Incorporation and Operation	Principal Activities	Proportion of Ownership Interest	
			2016 %	2015 %
East Vision Leisure Group Sdn Bhd	Malaysia	Investment holding	100	100
+ Mines Holdings Sdn Bhd	Malaysia	Investment holding	100	100
^ Country Heights Global Ltd	Labuan	Dormant	100	100
+ Walum Enterprise Sdn Bhd	Malaysia	Ownership of land held for property development	100	100
+ Hasil Cermat Sdn Bhd	Malaysia	Ownership of land held for property development	100	100
+ Country Heights Development Sdn Bhd	Malaysia	Property investment	100	100
+ Country Heights eMarketing Services Sdn Bhd	Malaysia	Provision of marketing services	100	100
+ Versatile Champion Sdn Bhd	Malaysia	Property trading	100	100
Nasmaya Juara Sdn Bhd #	Malaysia	Building and infrastructure contractor	-	100
Golden Horse Palace Berhad	Malaysia	Ownership and operation of a hotel and provision of health programs and timeshare membership	81	81
+ Country Heights Commercial Development Sdn Bhd	Malaysia	Investment holding and resort and hotel management	100	100
+ Country Heights Resorts & Leisure Sdn Bhd	Malaysia	Resort management and investment holding	100	100
+ Magnitude Knight (M) Sdn Bhd	Malaysia	Investment holding	100	100
+ Tadika Sri Moral Sdn Bhd	Malaysia	Provision of education and related services	70	70
+ Country Heights Resources Management (M) Sdn Bhd	Malaysia	Provision of management services	100	100
+ Country Heights Property Development Berhad	Malaysia	Dormant	100	100
+ Country Heights Sea Resort Sdn Bhd	Malaysia	Dormant	100	100
+ Country Heights Education Sdn Bhd	Malaysia	Provision of educational related services	70	70
+ Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd	Malaysia	Dormant	100	100
+ Mines Global Holidays & Travel Sdn Bhd	Malaysia	Dormant	60	60
Stallion Management Sdn Bhd	Malaysia	Provision of management services	69	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Names of Subsidiaries	Country of Incorporation and Operation	Principal Activities	Proportion of Ownership Interest	
			2016 %	2015 %
Subsidiary of Borneo Heights Sdn Bhd				
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	Ownership & operation of a golf course and club hotel	100	100
Subsidiaries of Country Heights Properties Sdn Bhd				
+Country Heights Development Melaka Sdn Bhd	Malaysia	Investment holding and property development	100	100
Mega Palm Sdn Bhd	Malaysia	Property development	100	100
+Country Heights Pangsa Rakyat Sdn Bhd	Malaysia	Property investment	100	100
Subsidiary of Country Heights Development Melaka Sdn Bhd				
+Country Heights Facility Management Sdn Bhd	Malaysia	Dormant	100	100
Subsidiaries of Mines Holdings Sdn Bhd				
Timbang Makmur Sdn Bhd #	Malaysia	Dormant	-	100
+Kin No Uma Sdn Bhd	Malaysia	Dormant	100	100
+KHU Property Management Sdn Bhd	Malaysia	Dormant	100	100
+Country Heights Health Tourism Sdn Bhd	Malaysia	Provision of private medical care facilities and services and medical related facilities and services to the public	70	70
Mines Wellness Hotel Berhad	Malaysia	Ownership & operator of a hotel and also in the business of selling private healthcare memberships	100	100
+WIEXPO Sdn Bhd	Malaysia	Dormant	100	100
Subsidiaries of East Vision Leisure Group Sdn Bhd				
+Mines Shopping Fair Sdn Bhd	Malaysia	Letting of promotion space	100	100
Mines Waterfront Business Park Sdn Bhd	Malaysia	Letting of office space	100	100
Mines International Exhibition Centre Sdn Bhd	Malaysia	Investment holding, manager of exhibition centre and conventions and provision of catering services	100	100

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Names of Subsidiaries	Country of Incorporation and Operation	Principal Activities	Proportion of Ownership Interest	
			2016 %	2015 %
Subsidiary of Mines International Exhibition Centre Sdn Bhd				
+Mines Events Sdn Bhd	Malaysia	Provision of exhibition space	100	100
Subsidiary of Country Heights Resorts & Leisure Sdn Bhd				
+Mines Premium Sdn Bhd	Malaysia	Solutions provider and promotion activities	100	100
Subsidiary of Golden Horse Palace Bhd				
+Mines Marketing Sdn Bhd	Malaysia	Marketer in all aspects of health screening, timeshare memberships and palm oil memberships	100	100
Subsidiary of Mines Marketing Sdn Bhd				
+Mines Global Holidays Sdn Bhd	Malaysia	Travel agents and tour operators and to provide facilities in travelling and touring to travellers and tourist	50	50
Subsidiary of Country Heights Health Tourism Sdn Bhd				
+GHHS Wellness Sdn Bhd	Malaysia	Dormant	100	100
Subsidiaries of Country Heights Property Development Berhad				
+Profound Concept Sdn Bhd	Malaysia	Property investment	100	100
+Endless Gain Sdn Bhd	Malaysia	Ownership of property held for rental purposes	100	100
Subsidiary of Endless Gain Sdn Bhd				
+Natural Circle (M) Sdn Bhd	Malaysia	Ownership of property held for rental purposes	99.98	99.98
Subsidiaries of Magnitude Knight (M) Sdn Bhd				
+Country Heights Pecanwood Golf & Country Club (Pty) Ltd	South Africa	Ownership and operators of golf estate club	100	100
+Country Heights Pecanwood Boat Club (Pty) Ltd	South Africa	Ownership and operator of boat club	100	100

+ Audited by the auditors other than the auditors of the Company.

^ No auditors are required to be appointed for these dormant companies.

Disposed of during the year

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiary company

On 9 December, 2015, the Company entered into a Joint Venture Agreement with Galaxus Corp Sdn Bhd and Tan Sri Lee Kim Tiong @ Lee Kim Yew, a director of the Company, for the purpose of revamping the management and business of the Palace of the Golden Horses, a hotel located in Seri Kembangan, Selangor Darul Ehsan, through a newly incorporated company, namely Stallion Management Sdn Bhd. ("Stallion").

On 31 March, 2016, the Company subscribed 690,000 ordinary shares of RM1.00 each in Stallion, representing 69% of its issued share capital, for a consideration of RM690,000. Subsequently, Stallion became a 69% owned subsidiary of the Company.

Disposal of business operated by a subsidiary

On 1 June, 2016, the Group disposed of pre-school education business which was operated by Tadika Sri Moral Sdn Bhd.

Analysis of assets and liabilities over which control was lost:

	2016 RM'000
Property, plant and equipment	115
Other receivable	1
Deposits received	(113)
Other payables	(5)
<hr/>	
Net liabilities disposed of	(2)
Consideration payable	2
<hr/>	
	-

Disposal of subsidiary companies

On 16 February, 2016, Mines Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, disposed of 33,343,602 ordinary shares of RM1 each of Timbang Makmur Sdn Bhd ("TMSB"), representing its 100% of the issued and paid-up share capital, for a total cash consideration of RM15,000.

On 16 March, 2016, the Company disposed of 2,600,000 ordinary shares of RM1 each of Nasmaya Juara Sdn Bhd ("NJSB"), representing its 100% of the issued and paid-up share capital for a total cash consideration of RM15,000.

Timbang Makmur Sdn Bhd

Analysis of assets and liabilities over which control was lost:

	2016 RM'000
Cash and bank balances	20
Trade and other payables	(1,081)
Tax liabilities	(1,554)
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Net liabilities disposed of	(2,615)
Total cash consideration	15
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Gain on disposal	2,630

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Disposal of subsidiary companies (cont'd)

Nasmaya Juara Sdn Bhd

Analysis of assets and liabilities over which control was lost:

	2016 RM'000
Trade and other receivables	12,680
Cash and bank balances	4
Trade and other payables	(3,012)
Tax liabilities	(7,080)
Net assets disposed of	2,592
Total cash consideration	15
Loss on disposal	(2,577)
Net gain on disposal of subsidiaries (Note 10)	53

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Country of incorporation and operation	Number of wholly-owned subsidiaries		Number of non- wholly-owned subsidiaries	
		2016	2015	2016	2015
Property development, management and investment and investment holding	Malaysia	14	15	1	1
Ownership and operation of resort, hotel, golf and boat clubs and investment holding	Malaysia	4	4	2	1
	South Africa	2	2	-	-
Ownership of property, letting of property, office and exhibition spaces	Malaysia	5	5	1	1
Provision of marketing and promotion services	Malaysia	3	3	-	-
Provision of preschool education and educational related services	Malaysia	-	-	2	2
Ownership of land held for property development	Malaysia	2	2	-	-
Provision of private medical care facilities and services and medical related facilities and services to the public	Malaysia	1	1	1	1
Property trading	Malaysia	1	1	-	-
Building and infrastructure contractor	Malaysia	-	1	-	-
Travel agents and tours operator	Malaysia	-	-	1	1
Dormant	Malaysia	8	8	1	1
	Labuan	1	1	-	-
		41	43	9	8

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

18. INVESTMENT IN SUBSIDIARIES (cont'd)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

	Percentage of effective interests held by non- controlling interests %	(Loss)/Profit allocated to non- controlling interests RM'000	Accumulated non- controlling interests RM'000
2016			
Golden Horse Palace Berhad	19.1%	(4,362)	32,876
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0%	(625)	(10,264)
Mines Marketing Sdn Bhd	19.1%	(41)	(849)
Stallion Management Sdn Bhd	31.0%	(4)	306
Individually immaterial subsidiaries with non-controlling interests		(1,021)	(1,955)
		(6,053)	20,114
2015			
Golden Horse Palace Berhad	19.1%	1,698	37,238
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0%	(558)	(9,639)
Mines Marketing Sdn Bhd	19.1%	(69)	(808)
Individually immaterial subsidiaries with non-controlling interests		(1,690)	(934)
		(619)	25,857

19. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
In Malaysia:				
Unquoted shares, at cost	247	247	247	247
Share of post-acquisition reserves	-	-	-	-
Accumulated impairment losses	247 (247)	247 (247)	247 (247)	247 (247)
	-	-	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

19. INVESTMENT IN AN ASSOCIATE (cont'd)

The summarised financial information of the associate is as follows:

	Group	
	2016 RM'000	2015 RM'000
Assets and liabilities		
Current assets	1,378	1,847
Non-current assets	75	275
Total assets	1,453	2,122
Current liabilities	2,403	2,479
Total liabilities	2,403	2,479
Results		
Revenue	956	3,360
Loss for the year	(212)	(832)

The Group's interest in an associate is analysed as follows:

	Group	
	2016 RM'000	2015 RM'000
Net liabilities of the associate	(950)	(357)
Proportion of the Group's ownership interest	47.5%	47.5%
Carrying amount of the Group's interest in the associate	-	-

Details of the associate are as follows:

Names of Associate	Country of Incorporation and Operation	Principal Activities	Proportion of Ownership Interest Equity Interest	
			2016 %	2015 %
+ # Simplex Design Sdn Bhd	Malaysia	Interior designing, renovation, construction and other related services	47.50	47.50

+ Audited by the auditors other than the auditors of the Company.

Simplex Design Sdn Bhd has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the audited financial statements of Simplex Design Sdn Bhd for the year ended 30 June, 2016 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 July, 2016 and 31 December, 2016.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Quoted shares in Malaysia	-	240	-	-
Unquoted shares in Malaysia	2,000	2,000	-	-
Memberships	734	734	718	718
	2,734	2,974	718	718
Less: Accumulated impairment losses: Quoted shares in Malaysia	-	(158)	-	-
	-	(158)	-	-
Net	2,734	2,816	718	718
Market value of quoted shares in Malaysia	-	82	-	-

21. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Trade receivables					
Amount owing by subsidiaries	(b)	-	-	693	13,582
Owing by companies in which certain directors have interest	(e)	47	311	-	-
Third parties	(c)	41,356	76,016	-	-
		41,403	76,327	693	13,582
Less: Allowance for doubtful debts for third parties		(25,385)	(22,102)	-	-
Trade receivables, net		16,018	54,225	693	13,582
Other receivables					
Amount owing by subsidiaries	(b)	-	-	79,692	58,909
Owing by companies in which certain directors have interest	(e)	3,850	4,438	65	78
Sundry receivables		19,112	42,676	678	487
Refundable deposits		4,527	4,176	13	16
Prepayments		2,926	2,177	132	12
		30,415	53,467	80,580	59,502
Less: Allowance for doubtful debts: Amount owing by subsidiaries Sundry receivables		-	-	(19)	(19)
		(3,864)	(1,856)	(364)	(364)
		(3,864)	(1,856)	(383)	(383)
Other receivables, net		26,551	51,611	80,197	59,119
Total current receivables		42,569	105,836	80,890	72,701
Non-current					
Trade receivables					
Third parties	(d)	6,473	8,030	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

21. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for doubtful debts of trade receivables is as follows:

	Note	Group	
		2016 RM'000	2015 RM'000
At beginning of year		22,102	21,872
Impairment loss recognised on trade receivables	10	11,943	2,424
Amount written off		(7,701)	(2,081)
Amount no longer required	10	(959)	(113)
At end of year		25,385	22,102

The table below is an analysis of trade receivables as of the end of the reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	907	242	-	-
Past due but not impaired:				
30 days and below	603	7,110	45	43
31 to 60 days	1,157	3,414	46	43
61 to 90 days	417	2,538	46	43
91 to 120 days	1,177	2,098	32	201
121 days and above	11,757	38,823	524	13,252
	15,111	53,983	693	13,582
Past due and impaired	16,018	54,225	693	13,582
	25,385	22,102	-	-
Total trade receivables	41,403	76,327	693	13,582

Movement in the allowance for doubtful debts of sundry receivables is as follows:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year		1,856	1,765	364	364
Impairment loss recognised on sundry receivables	10	2,028	91	-	-
Amount written off		(20)	-	-	-
At end of year		3,864	1,856	364	364

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

21. TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of other receivables as of the end of the reporting period:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	-	33	-	-
Past due but not impaired:				
30 days and below	7,261	17,905	11	5
31 to 60 days	213	130	46	13
61 to 90 days	60	187	21	13
91 to 120 days	483	209	10	1
121 days and above	11,081	26,794	291	169
	19,098	45,225	379	201
Past due and impaired	3,864	1,856	364	364
	22,962	47,114	743	565

Movement in the allowance for doubtful debts of amount owing by subsidiaries is as follows:

	Company	
	2016 RM'000	2015 RM'000
At beginning and end of year	19	19

(a) Credit risk

The Group's normal trade credit terms range from 14 days to 90 days (2015: 14 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single trade debtor or to groups of trade debtors.

Other information on credit risk is disclosed in Note 37.

(b) Amount owing by subsidiaries

Amount owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

(c) Trade receivables - current

Trade receivables, which are non-interest bearing, are due within one year except for those relating to the instalment scheme mentioned in Note 21(d) below.

(d) Trade receivables - non-current

Trade receivables - non-current represent amounts that are expected to be collected after twelve months from the end of the reporting period, pursuant to instalment plans of 12 months to 60 months granted in respect of timeshare program memberships and health program memberships.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

21. TRADE AND OTHER RECEIVABLES (cont'd)

(e) Amount owing by companies in which certain directors have financial interest

Amount owing by companies in which certain directors have financial interest are trade and non-trade in nature, unsecured, non-interest bearing and repayable on demand.

22. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Completed properties held for sale	52,260	48,466
Consumable materials	4,615	5,019
	56,875	53,485
At net realisable value		
Completed properties held for sale	31,901	32,275
	88,776	85,760

The cost of inventories recognised as an expense of the Group includes RM683,000 (2015: RM256,000) in respect of write downs of inventories to net realisable value.

Inventories with a carrying amount of RM8,353,000 (2015: RM14,286,000) were charged as security for borrowings as disclosed in Notes 28(a)(iii), 28(b)(i) and 28(b)(iii)(i) .

23. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks and other financial institutions	(a)	2,834	3,857	-	-
Cash on hand and at banks	(b)	10,022	16,949	24	1,450
		12,856	20,806	24	1,450

(a) Included in deposits with licensed banks of the Group are:

- (i) A sum of RM1,861,000 (2015: RM3,101,000) pledged for bank guarantee facilities granted to certain subsidiaries;
- (ii) An amount of RMNil (2015: RM103,000) pledged for term loan facility granted to a subsidiary as disclosed in Note 28(b)(iii);
- (iii) An amount of RM420,000 (2015: RM338,000) held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

23. CASH AND CASH EQUIVALENTS(cont'd)

(b) Included in cash on hand and at banks of the Group are:

- (i) Amounts totalling RM2,415,000 (2015: RM5,742,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 which are restricted from use in other operations; and
- (ii) Amounts totalling RM2,263,000 (2015: RM2,031,000) held under trust accounts pursuant to trust deeds in relation to a timeshare membership scheme of a subsidiary.

The weighted average effective interest rates at the end of the reporting period for deposits are as follows:

	Group	
	2016 %	2015 %
Deposits with licensed banks and other financial institutions	3.15	3.15

The maturity period of deposits as at the end of the reporting period are as follows:

	Group	
	2016 Days	2015 Days
Licensed banks and other financial institutions	30 to 365	30 to 365

24. SHARE CAPITAL

	Group and Company	
	2016 RM'000	2015 RM'000
Authorised:		
5,050,000,000 ordinary shares of RM1.00 each	5,050,000	5,050,000
Issued and fully paid:		
275,707,403 ordinary shares of RM1.00 each	275,707	275,707

25. TREASURY SHARES

	Group and Company	
	2016 RM'000	2015 RM'000
At beginning of year	2,914	146
Addition from acquisition	-	2,768
At end of year	2,914	2,914

Treasury shares represent ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

In 2015, the Company repurchased 2,050,000 ordinary shares of its issued share capital from the open market. The total consideration paid for the share buy-back was RM2,768,000.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

26. OTHER RESERVES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable:					
Share premium	(a)	57,251	57,251	57,251	57,251
Revaluation reserve	(b)	146,117	149,184	-	-
Translation reserve	(c)	(12,371)	(12,250)	-	-
Capital redemption reserve	(d)	19,048	19,048	19,048	19,048
Investment revaluation reserve	(e)	57	57	-	-
		210,102	213,290	76,299	76,299

The movements, nature and purpose of each category of reserves as of the end of the reporting period are as follows:

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

	Group and Company	
	2016 RM'000	2015 RM'000
At beginning and end of year	57,251	57,251

(b) Revaluation reserve

	Note	Group	
		2016 RM'000	2015 RM'000
At beginning of year		149,184	139,611
Revaluation surplus	14	-	10,018
Transfer to retained earnings upon depreciation of revalued assets		(3,067)	(445)
At end of year		146,117	149,184

(c) Translation reserve

	Group	
	2016 RM'000	2015 RM'000
At beginning of year	(12,250)	(12,261)
Exchange differences on translating foreign operations	(121)	11
At end of year	(12,371)	(12,250)

The translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries at the end of the reporting period.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

26. OTHER RESERVES (cont'd)

(d) Capital redemption reserve

	Group and Company	
	2016 RM'000	2015 RM'000
At beginning and end of year	19,048	19,048

The capital redemption reserve arose from the redemption of 190,478,000 Redeemable Cumulative Preference Shares ("RCPS I") of RM0.10 each issued by the Company in prior years.

Pursuant to the Asset Based Settlement Exercise, the RCPS I was redeemed on 23 June, 2005. A total of RM19,047,800 constituting the nominal value of the RCPS I redeemed was transferred from the Company's retained earnings to the capital redemption reserve. This amount would otherwise have been available for distribution as dividend.

The capital redemption reserve may be applied in paying up unissued shares of the Company as fully paid bonus shares.

(e) Investment revaluation reserve

	Group	
	2016 RM'000	2015 RM'000
At beginning and end of year	57	57

Investment revaluation reserve represents fair value gain on revaluation of available-for-sale financial assets.

27. RETAINED EARNINGS

The Company is currently under the single-tier tax system. The entire retained earnings are available for distribution as single-tier dividend under the single-tier tax system.

28. BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total borrowings - gross	214,860	195,994	107,362	73,108
Less: Debts issuance costs	(1,031)	(1,311)	-	-
Outstanding borrowings	213,829	194,683	107,362	73,108
Less: Portion due within one year, included under short-term borrowings	(44,667)	(92,948)	(25,339)	(62,775)
Total long-term borrowings	169,162	101,735	82,023	10,333

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

Detailed breakdown of borrowings are as follows:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term Borrowings					
Secured:					
Bank overdrafts	(a)	30,939	30,912	18,744	19,914
Term loans	(b)	12,733	21,211	6,595	5,167
		43,672	52,123	25,339	25,081
Unsecured:					
Term loans	(b)	-	37,694	-	37,694
Revolving credits	(c)	800	3,000	-	-
Hire-purchase and finance lease payables	29	195	131	-	-
		995	40,825	-	37,694
Total short-term borrowings		44,667	92,948	25,339	62,775
Long-term Borrowings					
Secured:					
Term loans	(b)	93,189	101,343	6,595	10,333
Unsecured:					
Term loans	(b)	75,428	-	75,428	-
Hire-purchase and finance lease payables	29	545	392	-	-
		75,973	392	75,428	-
Total long-term borrowings		169,162	101,735	82,023	10,333
Total Borrowings					
Bank overdrafts	(a)	30,939	30,912	18,744	19,914
Term loans	(b)	181,350	160,248	88,618	53,194
Revolving credits	(c)	800	3,000	-	-
Hire purchase and finance lease payables	29	740	523	-	-
		213,829	194,683	107,362	73,108

The maturity of borrowings, excluding hire-purchase and finance lease payables, is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Within one year	119,900	92,816	25,339	62,775
More than 1 year and less than 2 years	19,135	17,166	82,023	5,167
More than 2 years and less than 5 years	20,103	26,096	-	5,166
More than 5 years	53,951	58,082	-	-
	213,089	194,160	107,362	73,108

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

The weighted average effective interest rates of borrowings, excluding hire purchase and finance lease payables, are as follows:

	Note	Group		Company	
		2016 %	2015 %	2016 %	2015 %
Bank overdrafts	(a)	7.30	8.25	8.60	8.60
Term loans	(b)	5.50	6.50	8.25	8.40
Revolving credits	(c)	6.60	7.50	-	-

(a) Bank overdrafts

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term					
Secured:					
RM2,000,000 facility	(i)	2,290	1,688	-	-
RM10,000,000 facility	(ii)	9,905	9,310	-	-
RM20,000,000 facility	(iii)	18,744	19,914	18,744	19,914
Total bank overdrafts		30,939	30,912	18,744	19,914

Salient features of the bank overdrafts granted to subsidiaries are as follows:

(i) Overdraft facility of RM2,000,000 (2015: RM2,000,000) granted to a subsidiary, Country Heights W.T.C. Sdn Bhd, was secured by the following:

- A lien-holder's caveat over other property, plant and equipment with a carrying value of RM5,970,000 (2015: RM6,049,000) held by Country Heights W.T.C. Sdn Bhd as disclosed in Note 14;
- A lien-holder's caveat over prepaid land lease payments with a carrying value of RM3,584,000 (2015: RM3,634,000) held by Country Heights W.T.C. Sdn Bhd as disclosed in Note 16;
- Deposit of the original clubhouse title held under Lot. 24731 Pajakan Negeri 7211, HSD 22918, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan; and
- Corporate guarantee by the Company.

The overdraft facility bears interest at 2.0% (2015: 2.0%) per annum above the bank's base lending rate.

(ii) Overdraft facility of RM10,000,000 granted to a subsidiary, Mega Palm Sdn Bhd ("MPSB"), was secured by the following:

- First party legal charge over a parcel of residential land located at Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, with carrying value of RM42,302,000 (2015: RM41,743,000), as disclosed in Note 17(a); and
- Corporate guarantee by the Company.

The overdraft facility bears interest at 1.0% (2015: 1.0%) per annum above the bank's base lending rate on daily basis rests.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

(a) Bank overdrafts (cont'd)

- (iii) Overdraft facility of RM20,000,000 (2015: RM20,000,000) granted to the Company, was secured by a third party legal charge over 18 parcels of freehold land located at Mukim Kajang Daerah Hulu Langat, Negeri Selangor held by a subsidiary company, Country Heights Sdn Bhd, with carrying value of RM1,498,000 (2015: RM1,943,000), as disclosed in Note 22.

The overdraft facility bears interest at 2.0% (2015: 2.0%) per annum above the bank's base lending rate.

(b) Term loans

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term					
Secured:					
RM20,000,000 facility	(i)	6,595	5,167	6,595	5,167
RM50,000,000 facility	(iii)	-	8,396	-	-
RM1,733,000 facility	(iv)	99	95	-	-
RM15,000,000 facility	(vi)	1,780	1,700	-	-
RM15,000,000 facility	(v)	3,194	2,718	-	-
RM100,000,000 facility	(vii)	1,065	3,135	-	-
		12,733	21,211	6,595	5,167
Unsecured:					
RM84,452,000 facility	(ii)	-	37,694	-	37,694
		12,733	58,905	6,595	42,861
Long-term					
Secured:					
RM20,000,000 facility	(i)	6,595	10,333	6,595	10,333
RM50,000,000 facility	(iii)	-	-	-	-
RM1,733,000 facility	(iv)	1,133	1,232	-	-
RM15,000,000 facility	(vi)	1,864	3,644	-	-
RM15,000,000 facility	(v)	5,564	8,758	-	-
RM100,000,000 facility	(vii)	78,033	77,376	-	-
		93,189	101,343	6,595	10,333
Unsecured:					
RM84,452,000 facility	(ii)	75,428	-	75,428	-
		168,617	101,343	82,023	10,333
Total term loans		181,350	160,248	88,618	53,194

Salient features of the term loans granted to the Company and its subsidiaries are as follows:

- (i) Islamic financing facility of RM20,000,000 granted to the Company on 23 March, 2015. The facility was secured by:
- First party first legal charge over 15 units of Country Villas bungalow lots with carrying value of RM2,724,000 (2015: RM2,724,000), held by a subsidiary, Country Heights W.T.C. Sdn Bhd, located at Country Heights, Kajang held in the Mukim of Kajang in District of Hulu Langat in the State of Selangor, as disclosed in Note 22.
 - First party second legal charge over 16 units of Mines Resort bungalow lots with carrying value of RM4,131,000 (2015: RM4,131,000) held by a subsidiary, Walum Enterprise Sdn Bhd, as disclosed in Note 22.

The facility bears profit at base financing rate plus 1.25% on daily rest until full settlement of financing. The bank's base financing rate in 2016 is 7.0% (2015: 7.15%) per annum.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

(b) Term loans (cont'd)

- (ii) Tan Sri Lee Kim Tiong @ Lee Kim Yew granted to the Company a short term interest-free loan of RM84,451,795, of which RM75,000,000 was used to partially redeem RM150,000,000 3% to 8% Redeemable Secured Bonds, which were redeemed on 31 December, 2010.

The loan is interest-free and the repayment date of the loan has been extended to 21 January, 2018.

- (iii) Syndicated facilities totalling RM50,000,000 granted to a subsidiary, Tindak Murni Sdn Bhd ("TMSB") for a tenure of 5 years, which consist of:

(a) term loan facility of RM25,000,000 from a financial institution ("TL1"); and

(b) term loan facility of RM25,000,000 secured by a standby letter of credit ("SBLC") of a licensed bank ("TL2").

On 30 September, 2011, a subsidiary company, Tindak Murni Sdn Bhd ("TMSB") obtained a drawdown of RM15,000,000 each from TL1 and TL2, respectively. Subsequently on 29 September, 2014, TMSB obtained the remaining drawdown of RM10,000,000 each from TL1 and TL2, respectively.

TL1 and TL2, which have been fully settled during the current year, were secured by the following:

- (i) first and/or third party charge over landed properties of:
- 8 lots of Country Heights Kajang Bungalow Lots held by a related company, Country Heights Sdn Bhd, with a carrying value of RM Nil (2015: RM914,000) as disclosed in Note 22;
 - 1 unit (2015: 1 unit) of Cyber Heights Villa (Phase 1) held by the Company, with a carrying value of RM Nil (2015: RM276,000) as disclosed in Note 22;
 - 15 lots of Mines Resort bungalow lots held by a related company, Walum Enterprise Sdn Bhd, with a carrying value of RM Nil (2015: RM4,298,000) as disclosed in Note 22; and
 - Mines Wellness Hotel belonging to a related company, Mines Wellness Hotel Berhad, with a carrying value of RM Nil (2015: RM65,087,000) as disclosed in Note 15. In the previous financial year, the said hotel property was classified under property, plant and equipment.
 - First party charge over the land(s) and/or properties to be purchased using proceeds derived from the facilities;
 - Assignment over all rental proceeds from the 24 units of Cyber Heights Villa (Phase 1) held by certain subsidiary;
 - Assignment over the proceeds account;
 - Third party assignment over the proceeds derived from the sales of identified properties located in the Mines Resort bungalow lots and Kolej Heights Utara; and
 - Corporate guarantee by the Company.

TL2 is also secured by fixed deposits, including principal and interest of RM Nil (2015: RM103,000), as disclosed in Note 23.

TL1 bears interest at 2.65% per annum above the effective cost of fund of the bank, while TL2 bears interest at 0.35% plus the bank's effective cost of fund per annum.

SBLC fee is 2.40% flat per annum calculated based on the amount of the SBLC issued and the remaining outstanding amount. The SBLC fee shall be payable semi-annually in advance and shall not be refundable.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

(b) Term loans (cont'd)

- (iv) A term loan facility of RM1,733,000 granted to a subsidiary, Golden Horse Palace Berhad, is secured by a first party charge over a property in London, England known as (Plot 4.03) Flat 41, Bezier Apartment, 91 City Road, London EC1Y 1AF held under Title Number NGL886853, with carrying value of RM2,029,000 (2015: RM2,075,000) as disclosed in Note 14.

Principal and interest are repayable by 180 equal monthly instalments of RM13,592 (2015: RM13,592) each commencing from 31 May, 2011 until 30 April, 2026.

The term loan facility bears interest at base lending rate less 2.0% on daily rest until full settlement of loan. The bank's base lending rate in 2016 is 6.65% (2015: 6.85%) per annum.

- (v) A term loan facility of RM15,000,000 granted to MPSB is secured by the following:

- First party legal charge over a parcel of residential land with a total land area of 54,211 square metres (583,522 square feet) held under title no. GRN 72272, Lot 65630 located within Country Heights Damansara, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur as disclosed in Note 17(a); and
- Corporate guarantee by the Company.

- (vi) A term loan facility of RM15,000,000 granted to a subsidiary, Golden Horse Palace Bhd ("GHPB"), is secured by the following:

- First party first legal charge over 20 units of Country Villas located at Country Heights, Kajang held in the Mukim of Kajang in the District of Hulu Langat in the State of Selangor, with carrying value of RM3,495,000 (2015: RM3,520,000) as disclosed in Note 14;
- First party second legal charge over land and building known as Palace of the Golden Horses ("PGH") held under PT 16713, HS(D) 59885 Mukim and District of Petaling, State of Selangor, with carrying value of RM1,140,000 and RM190,698,000 (2015: RM1,155,000 and RM193,244,000) as disclosed in Notes 14 and 16;
- Debenture incorporating first fixed and floating charges over all the assets of GHPB, both movable and immovable;
- An assignment over GHPB's all rights, interest and benefits under:
 - (a) All agreements in relation to the refurbishment works of PGH ("project");
 - (b) Insurance policies in respect of the project; and
 - (c) Debt service reserve account/project account (if any).
- Deed of subordination created by the Company in favour of the bank in respect of all advances made to GHPB in a form of substance satisfactory to the bank;
- Letter of undertaking from the Company to provide cash injection to cover cost-overflow during construction/refurbishment period and/or cash flow deficit during operational period; and
- Corporate guarantee by the Company.

The term loan shall be repayable within 72 months including grace period of 12 months, from the first disbursement on 16 November, 2014. The term loan bears interest fixed at 4.60% per annum.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

28. BORROWINGS (cont'd)

(b) Term loans (cont'd)

(vii) An Islamic term financing of RM82,700,000 and an Islamic bridging financing of RM17,300,000 granted to a subsidiary, Mines Waterfront Business Park Sdn Bhd ("MWBP"), is secured by the following:

- First party first legal charge over a leasehold land located in Mukim and District Petaling and State of Selangor ("the Project Land") together with the unsold portion of 5 office blocks in Phase 1, 2 blocks of partially completed podium parking together with retail area and vacant commercial land all forming part of the Project Land, with carrying value of RM7,481,000, RM56,778,000 and RM74,492,000 (2015: RM7,024,000, RM62,976,000 and RM64,831,000) as disclosed in Notes 14, 15 and 17(b); and
- Third party first legal charge over a leasehold land and building known as Malaysia International Exhibition & Convention Centre, held under title HSD 59893, P.T. No 16721, Mukim of Petaling, District of Petaling, Selangor, with carrying value of RM63,919,000 and RM122,761,000 (2015: RM64,772,000 and RM124,398,000) as disclosed in Notes 14 and 16.

The term financing facility bears profit at Islamic cost of fund plus 1.25% per annum until full settlement of term financing.

The principal payment for the 11 months period from February 2017 to December 2017 was deferred and full repayment with principal and profit shall be made effective from January 2018 until full settlement of term financing.

(c) Revolving credits

	Group	
	2016 RM'000	2015 RM'000
Short-term		
Unsecured:		
RM15,000,000 facility	800	3,000

The unsecured revolving credit facility of RM15,000,000 granted to a subsidiary, Country Heights Sdn Bhd, has the following guarantees and pledges:

- Negative pledge over the assets of Country Heights Sdn Bhd, except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
- Corporate guarantee by the Company.

The revolving credit facility bears interest at 2.5% (2015: 2.5%) per annum above cost of fund. The short-term revolving credit is repayable on demand.

29. HIRE-PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Minimum lease payments:		
Not later than 1 year	156	137
Later than 1 year but not later than 2 years	585	184
Later than 2 years but not later than 5 years	61	193
Later than 5 years	-	54
	802	568
Less: Future finance charges	(62)	(45)
Present value of finance lease liabilities	740	523

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

29. HIRE-PURCHASE AND FINANCE LEASE PAYABLES (cont'd)

	Group	
	2016 RM'000	2015 RM'000
Present value of finance lease liabilities:		
Not later than 1 year	195	131
Later than 1 year but not later than 2 years	367	167
Later than 2 years but not later than 5 years	126	173
Later than 5 years	52	52
	740	523
Analysed as:		
Due within 12 months	195	131
Due after 12 months	545	392
	740	523

The hire-purchase and finance lease payables bear interest at rates ranging from 3.45% to 4.95% (2015: 2.20% to 4.95%) per annum.

The Group's and the Company's hire-purchase and finance lease payables were secured by the charge over the assets under hire-purchase and finance lease.

30. DEFERRED INCOME

Deferred income represents the deferred portion of membership fees of a timeshare scheme operated by the Group which is recognised over the membership period of the scheme.

31. OTHER PAYABLES

Other payables represent loans that are granted by members of a golf club operated by the Group. The loans are unsecured, interest-free and repayable at the earlier of 25 years from registration as member or upon members' resignation from the golf and country club.

32. DEFERRED TAX LIABILITIES/(ASSETS)

The following is the deferred tax balances in the statements of financial position:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets	(4,947)	(4,633)	-	-
Deferred tax liabilities	78,699	79,685	-	-
	73,752	75,052	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

32. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of year		75,052	75,636	-	44
(Credit)/Charge to profit or loss for the year:					
Investment properties		-	408	-	-
Property development costs		(318)	(966)	-	-
Unabsorbed capital allowances		-	(44)	-	(44)
Unused tax losses		32	-	-	-
Revaluation surplus		(986)	-	-	-
Others		(30)	-	-	-
	8	(1,302)	(602)	-	(44)
Credit to other comprehensive loss:					
Exchange differences		2	18	-	-
At end of year		73,752	75,052	-	-

Deferred tax (assets)/liabilities provided in the financial statements are in respect of the tax effects of the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets				
Temporary differences arising from:				
Property development costs	(4,733)	(4,415)	-	-
Others	(182)	(154)	-	-
Unused tax losses	(32)	(64)	-	-
	(4,947)	(4,633)	-	-
Deferred tax liabilities				
Temporary differences arising from:				
Investment properties	481	481	-	-
Revaluation surplus	77,114	78,100	-	-
Land held for property development	1,028	1,028	-	-
Unabsorbed capital allowances	76	76	-	-
	78,699	79,685	-	-

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December, 2016, the estimated unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances, the tax effects of which are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unused tax losses	174,155	143,123	183	74
Unabsorbed capital allowances	156,987	147,480	-	-
Unabsorbed investment tax allowances	141,207	141,207	-	-
	472,349	431,810	183	74

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

32. DEFERRED TAX LIABILITIES/(ASSETS) (cont'd)

The unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances are subject to the agreement of the tax authorities.

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective subsidiaries, subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authorities.

33. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables					
Third parties	(a)	23,687	26,361	-	-
Due to companies in which certain directors have interest	(b)	3,156	1,832	-	-
Retention sum		7,050	6,865	-	-
Trade accruals		3,190	3,365	-	-
		37,083	38,423	-	-
Other payables					
Amount due to subsidiaries	(b)	-	-	154,497	181,824
Accruals		15,457	15,942	276	335
Sundry payables		20,973	29,037	397	324
Deposits received		13,426	18,526	2,731	-
Provision for tax penalty		5,638	12,416	-	-
Provision for liquidated ascertained damages		87	87	-	-
Provision for termination and compensation cost	10	4,750	-	-	-
Due to companies in which certain directors have interest	(b)&(c)	18,371	18,493	11,638	11,637
		78,702	94,501	169,539	194,120
		115,785	132,924	169,539	194,120

(a) The normal credit terms granted to the Group range from 30 to 45 days (2015: 30 to 45 days).

(b) The amounts due to subsidiaries and companies in which certain directors have interest are unsecured, non-interest bearing and are repayable on demand.

(c) Included in amounts due to companies in which certain directors have interest are:

(i) Cash payment portion of the purchase consideration amounting to RM11,214,000 (2015: RM11,214,000) constituting a tax retention sum payable by the Company directly to the Inland Revenue Board pursuant to the terms of acquisition of various property and leisure related interests and assets from companies in which Tan Sri Lee Kim Tiong @ Lee Kim Yew, a director of the Company, has controlling interest;

(ii) An amount of RM590,000 (2015: RM590,000) due to Tan Sri Lee Kim Tiong @ Lee Kim Yew and Puan Sri Tan Bee Hong, spouse of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew.

These amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

34. CONTINGENT LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Secured:				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	134,830	152,138
Unsecured:				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	800	3,000
Lawsuit by Government of Malaysia in relation to real property gains tax for the year of assessment 1993, 1998 and 1999*	11,403	11,403	11,403	11,403
Bank guarantees given to suppliers for the purpose of hotel utilities	952	979	-	-
Bank guarantees given to related parties for the purpose of utilities	620	620	-	-
	12,975	13,002	12,203	14,403
	12,975	13,002	147,033	166,541

* The contingent liability arises from the following lawsuit against the Company:

- (i) On 20 January, 2010, the Government of Malaysia ("Plaintiff") filed a claim against the Company for real property gains tax for the Year of Assessment 1993, 1998 and 1999 amounting to the sum of RM22,617,000 together with interest at 8% thereon. The Plaintiff filed a Summary Judgement towards the main suit and on 12 December, 2012, the Plaintiff's application for Summary Judgement was allowed with cost. The Company appealed against the decision and on 5 December, 2013, the Federal Court dismissed the Plaintiff's appeal with costs of RM10,000 and the matter was reverted back to High Court for full trial. Meanwhile, a reference was made to the Special Commission 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:
- dismissed the Company's appeal on the assessments for the Years of Assessment 1993 and 1998, including penalties, for the sum of RM19,239,000; and
 - allowed the Company's appeal on the assessment for the Year of Assessment 1999, including penalties, for the sum of RM3,378,000.

Both parties on 9 October, 2013 have filed their Appeal to the High Court in relation to the decision rendered by the Special Commissioners. The Appeal was heard on 24 March, 2015 and the Court has fixed to deliver its decision on 11 June, 2015. The High Court has however reserved its decision to 10 July, 2015 and subsequently to 7 August, 2015. The Court allowed the appeal by the Defendant with costs and dismissed the cross appeal by the Plaintiffs. The Plaintiffs have on 7 September, 2015 filed their Notice of Appeal at the Court of Appeal against the decision of the High Court. The High Court did not process the Notice of Appeal filed by the Plaintiff on 7 September, 2015. The Plaintiff therefore applied to the High Court to obtain the permission of the High Court to re-filed its Notice of Appeal. Both parties are awaiting the date of the said appeal.

As disclosed in Note 33(c)(i), the Company has tax retention sum of RM11,214,000 which is payable by the Company directly to the Inland Revenue Board, as such, the Company is contingently liable for RM11,403,000.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

35. MATERIAL LITIGATION

By Summons dated 17 August, 2015 ("Suit 1"), the Government of Malaysia ("Plaintiff") filed a claim against a subsidiary of the Company, Country Heights Sdn Bhd ("CHSB") for Income Tax for the Years of Assessment 1997 and 1998 amounting to the sum of RM23,476,000 together with interest at a rate of 5% thereon. In addition, by Summons dated 17 August 2015 ("Suit 2"), the Government of Malaysia ("Plaintiff") filed a claim against CHSB for Income Tax for the Year of Assessment 2008 amounting to the sum of RM4,616,000 together with interest at a rate of 5% thereon. Suit 1 was fixed for case management on 23 February, 2016 whereas Suit 2 was fixed for case management on 16 March, 2016. Following the case management for Suit 1, the Plaintiff sought to make an application to consolidate Suit 1 and Suit 2 but had withdrawn the said application as the High Court was of the view that the suits should proceed separately. The High Court fixed 29 March, 2016 for case management for the Plaintiff to file its application for summary judgement, if any. The High Court then fixed 25 May, 2016 for case management following the Plaintiff's filing of its application for summary judgement.

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

On 30 August, 2016, the Plaintiff filed a new claim in the High Court under Suit 1 amounting to the sum of RM22,489,000. This new suit was fixed for case management on 29 September, 2016 and CHSB was to file its defense by 27 September, 2016. Subsequent to this, the next case management was fixed on 11 November, 2016 and the High Court had directed that CHSB file its affidavit in reply for summary judgement and the hearing of this application was fixed on 8 December, 2016. Both parties were also to file all documents for trial by the next case management date fixed on 8 December, 2016. The High Court had allowed the Plaintiff's application for summary judgement on 28 December, 2016.

On 7 October, 2016, the Plaintiff filed a new claim in the High Court under Suit 2 amounting to the sum of RM4,610,000. The High Court fixed 6 March, 2017 as the date for trial, but had reserved its decision to 15 March, 2017 pending settlement. CHSB settled the sum of RM4,610,000 on 13 March, 2017. The Suit 2 had then been withdrawn on 15 March, 2017.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed in the financial statements, the Group and the Company have the following transactions with related parties during the financial year which were determined based on negotiations as agreed with the following related parties:

(i) Transactions with companies in which a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew, has controlling interests:

	Group	
	2016 RM'000	2015 RM'000
Consultation fees paid/payable		
Mines Wonderland Sdn Bhd	715	2,862
Insurance expenses paid/payable		
CH Property Management Sdn Bhd	-	831
Rental expenses paid/payable		
Heritage Lakeside Sdn Bhd	730	507
Salient Range Sdn Bhd	38	97
Rental income received/receivable		
Golden Touch Asset Management Sdn Bhd	(117)	(117)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(ii) Transactions with subsidiaries

	Company	
	2016	2015
	RM'000	RM'000
Lease rental received/receivable		
Golden Horse Palace Berhad	(236)	(146)
Country Heights Health Tourism Sdn Bhd	(123)	(75)
Country Heights Education Sdn Bhd	(46)	(24)
Dividend income received/receivable		
Tindak Murni Sdn Bhd	-	(21,000)
Nasmaya Juara Sdn Bhd	-	(11,175)
Transfer of property, plant and equipment		
Country Heights Resource Management Sdn Bhd	-	486

(b) Compensation of key management personnel

The remuneration of key management personnel who are also the directors of the Group and of the Company for the financial year are as follows:

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments		1,894	2,768	-	47
Pension costs - defined contribution plans		226	343	-	-
Director fees		121	208	121	107
	12	2,241	3,319	121	154

37. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its capital risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going-concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and bank balances as detailed in Notes 28 and 23, respectively) and equity of the Group (comprising issued share capital, other reserves, retained earnings and non-controlling interests as detailed in Notes 24 to 27).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

The Board of Directors reviews the capital structure of the Group on a regular basis. As part of the review, the Board of Directors considers the cost of capital and risk associated with each class of capital. The net gearing ratio at the end of the reporting period is as follows:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings	28	213,829	194,683	107,362	73,108
Cash and bank balances	23	(12,856)	(20,806)	(24)	(1,450)
Net debt		200,973	173,877	107,338	71,658
Equity		797,095	851,480	425,460	437,210
Net debt to equity ratio		25.21%	20.40%	25.23%	16.4%

Categories of financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial Assets				
Available-for-sale financial assets	2,734	2,816	718	718
Loans and receivables:				
Trade receivables - non-current	6,473	8,030	-	-
Trade and other receivables	39,643	103,659	80,758	72,689
Cash and bank balances	12,856	20,806	24	1,450
	61,706	135,311	81,500	74,857
Financial Liabilities				
Other financial liabilities:				
Borrowings	213,829	194,683	107,362	73,108
Other payables - non-current	3,399	2,973	-	-
Trade and other payables	86,663	101,114	169,263	193,785
	303,891	298,770	276,625	266,893

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Interest Rate Risk Management

The Group's and the Company's primary interest risk relates to interest-bearing borrowings which are principally denominated in RM. The Group and the Company have no substantial long-term interest bearing assets as of 31 December, 2016. The investments in financial assets are mainly short-term in nature of which a portion is placed in fixed deposits.

The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group and the Company review their debt portfolio, taking into account the investment holding period and nature of their assets. This strategy allows the Group and the Company to capitalise on lower cost funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Interest rate sensitivity analysis

The Group's and the Company's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's (loss)/profit before tax for the year would decrease or increase by as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Floating rate liabilities				
Bank overdrafts	155	155	94	100
Term loans	530	613	66	78
Revolving credits	4	15	-	-
	689	783	160	178

Credit Risk Management

Credit risks or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's and the Company's associations to business partners with high creditworthiness. The Group's and the Company's exposures and the credit ratings of their counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the senior management on a case-by-case basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Credit Risk Management (cont'd)

Trade receivables consist of a large number of customers, spread across diverse industries. The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount owing by companies in which certain directors have interest:				
Trade receivables	47	311	-	-
Other receivables	3,850	4,438	65	78
	3,897	4,749	65	78
Amount owing by subsidiaries	-	-	80,366	72,472
	3,897	4,749	80,431	72,550
Total receivables	41,589	107,513	80,745	72,673
% over total receivables	9.4%	4.4%	99.6%	99.8%

The Group and the Company define counterparties as having similar characteristics if they are related entities. In the opinion of the Directors, the concentration of credit risk is minimal as the Group and the Company also owe to the abovementioned companies at the end of the reporting period, as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount due to companies in which certain directors have interest:				
Trade payables	3,156	1,832	-	-
Other payables	18,371	18,493	11,638	11,637
	21,527	20,325	11,638	11,637
Amount due to subsidiaries	-	-	154,497	181,824
	21,527	20,325	166,135	193,461

Liquidity Risk Management

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. The Group and the Company strive to maintain available banking facilities at a reasonable level to their overall debt position. As far as possible, the Group and the Company raise committed funding from both capital markets and financial institutions and balance their portfolio with some short-term funding so as to achieve overall cost effectiveness.

As of 31 December, 2016, the Group and the Company have incurred a net loss of RM54,574,000 and RM11,750,000 respectively. The Group has net current assets of RM96,510,000 as of 31 December, 2016. The current assets of the Group mainly comprise property development cost of RM139,072,000 and inventories of RM88,776,000, which are not readily convertible to cash. This may result in a potential liquidity risk in the event that there are items within the current liabilities category that require prioritised repayment such as tax liabilities payable to Inland Revenue of RM29,270,000.

The directors believe that the Group will be able to meet its short-term obligation including tax liabilities payable to Inland Revenue of RM29,270,000 as and when they fall due as the Group will continue to receive support from the bankers and the major shareholder of the Company. On 21 December, 2016, the major shareholder of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew has extended the tenure of interest-free loan granted by him to the Company amounting to RM75,428,000 for a period of thirteen months ending 21 January, 2018.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk Management (cont'd)

Furthermore, the Group has managed to negotiate with key bankers to reschedule certain repayment due dates. In addition, the Group is pursuing plans to monetise and unlock the value of its assets to generate cash flows.

In managing the Group's liquidity, management has also taken initiatives to manage its working capital by improving efficiency and carrying out cost reduction plan as well as continuing to derive cash inflows from its existing and new property development projects.

The Group and the Company also maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities as and when they fall due.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		2016			
	Contractual interest rate %	Less than 3 months RM'000	3 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Group					
Financial liabilities					
Non-interest bearing:					
Trade and other payables		86,663	-	-	86,663
Term loans		-	-	75,428	75,428
Long-term liabilities		-	-	3,399	3,399
		86,663	-	78,827	165,490
Interest bearing:					
Term loans	5.5%	2,103	11,331	98,314	111,748
Revolving credits	6.6%	853	-	-	853
Hire-purchase and finance lease payables	3.45% - 4.95%	257	268	279	804
Bank overdrafts	7.30%	33,198	-	-	33,198
		36,411	11,599	98,593	146,603
Total financial liabilities		123,074	11,599	177,420	312,093
Company					
Financial liabilities					
Non-interest bearing:					
Trade and other payables		169,263	-	-	169,263
Term loans		-	-	75,428	75,428
		169,263	-	75,428	244,691
Interest bearing:					
Term loans	8.25%	1,822	5,566	6,844	14,232
Bank overdrafts	8.60%	20,356	-	-	20,356
		22,178	5,566	6,844	34,588
Total financial liabilities		191,441	5,566	82,272	279,279

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Liquidity Risk Management (cont'd)

	Contractual interest rate %	2015			Total RM'000
		Less than 3 months RM'000	3 to 12 months RM'000	More than 12 months RM'000	
Group					
Financial liabilities					
Non-interest bearing:					
Trade and other payables		101,114	-	-	101,114
Term loans		-	37,694	-	37,694
Long-term liabilities		-	-	2,973	2,973
		101,114	37,694	2,973	141,781
Interest bearing:					
Term loans	6.50%	9,271	14,346	103,836	127,453
Revolving credits	7.50%	600	1,800	600	3,000
Hire-purchase and finance lease payables	2.20%-4.95%	34	103	431	568
Bank overdrafts	8.25%	30,912	-	-	30,912
		40,817	16,249	104,867	161,933
Total financial liabilities		141,931	53,943	107,840	303,714
Company					
Financial liabilities					
Non-interest bearing:					
Trade and other payables		193,785	-	-	193,785
Term loans		-	37,694	-	37,694
		193,785	37,694	-	231,479
Interest bearing:					
Term loans	8.40%	1,504	4,730	11,164	17,398
Bank overdrafts	8.60%	19,914	-	-	19,914
		21,418	4,730	11,164	37,312
Total financial liabilities		215,203	42,424	11,164	268,791

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Fair Values

The directors consider that the carrying amounts of the financial assets and the financial liabilities carried at amortised cost in the financial statements approximate their fair values, except as detailed in the following table:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2016				
Financial assets				
Available-for-sale financial assets:				
Unquoted shares	2,000	2,000 #	-	-
Memberships	734	734 #	718	718 #
Trade receivables - non-current	6,473	6,473 ^	-	-
<hr/>				
Financial liabilities				
Hire-purchase obligations	740	740 *		
Borrowings	213,829	213,829 *	107,362	107,362 *
Other payables - non-current	3,399	3,399 ^	-	-
<hr/>				
2015				
Financial assets				
Available-for-sale financial assets:				
Unquoted shares	2,000	2,000 #	-	-
Memberships	734	734 #	718	718 #
Trade receivables - non-current	8,030	8,030 ^	-	-
<hr/>				
Financial liabilities				
Hire-purchase obligations	523	523 *	-	-
Borrowings	194,160	194,160 *	73,108	73,108 *
Other payables - non-current	2,973	2,973 ^	-	-
<hr/>				

It is not practical to determine the fair value of these unquoted shares and memberships due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

* The fair value of these financial instruments are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

^ The fair value of these financial instruments are estimated using discounted cash flow analysis based on average cost of funds of the Group.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

37. FINANCIAL INSTRUMENTS (cont'd)

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments that are measured at fair value in the statements of financial position at the end of the reporting period are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2016				
Financial Assets				
Available-for-sale financial assets				
Quoted shares	-	-	-	-
<hr/>				
2015				
Financial Assets				
Available-for-sale financial assets				
Quoted shares	82	-	-	82
<hr/>				

38. SEGMENT INFORMATION

Information reported to the Executive Director, being the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is based on the following reportable and operating segments identified under FRS 8:

- Property development
- Property investment
- Hospitality and health

The accounting policies of the operating segments are the same as the Group's accounting policy described in Note 3.

As mentioned in Note 9, the pre-school education business and educational related services business were discontinued during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

38. SEGMENT INFORMATION (cont'd)

(a) Business Segments

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Elimination RM'000	Total Operations RM'000
2016						
Revenue						
External sales	17,952	22,032	47,344	30	-	87,358
Inter-segment sales	-	1,589	20,641	7,473	(29,703)	-
<hr/>						
Total revenue from continuing operations	17,952	23,621	67,985	7,503	(29,703)	87,358
<hr/>						
Results						
Segment results from continuing operations	(17,504)	6,462	(24,795)	(56,418)	50,145	(42,110)
<hr/>						
Loss from operations						(42,110)
Finance costs						(11,645)
<hr/>						
Loss before tax						(53,755)
Income tax credit						561
<hr/>						
Loss for the year from continuing operations						(53,194)
Loss for the year from discontinued operations						(1,380)
<hr/>						
Loss for the year						(54,574)
<hr/>						
	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Elimination RM'000	Total Consolidated RM'000
2016						
Assets						
Segment assets	473,318	260,477	527,613	5,064	-	1,266,472
Tax recoverable	190	-	-	3,714	-	3,904
Deferred tax assets	3,645	358	944	-	-	4,947
<hr/>						
Consolidated total assets						1,275,323
<hr/>						
Liabilities						
Segment liabilities	83,386	88,128	73,023	125,722	-	370,259
Deferred tax liabilities	3,155	27,243	48,301	-	-	78,699
Tax liabilities	29,070	(3)	203	-	-	29,270
<hr/>						
Consolidated total liabilities						478,228
<hr/>						

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

38. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Elimination RM'000	Total Consolidated RM'000
2016						
Other Information						
Capital expenditure	8	566	1,671	38	-	2,283
Depreciation/Amortisation	427	3,535	9,437	218	-	13,617
Allowance for doubtful debts	2,600	-	11,371	-	-	13,971
Allowance for doubtful debts no longer required	-	-	(959)	-	-	(959)
Impairment losses on available-for-sale financial asset no longer required	-	(157)	-	-	-	(157)
Gain on disposal of property, plant and equipment	(11)	-	-	-	-	(11)
Inventories written down	683	-	-	-	-	683
Property, plant and equipment written off	167	-	-	-	-	167
Amortisation of deferred income	-	-	(1,474)	-	-	(1,474)
Loss on disposal of available-for-sale financial asset	-	124	-	-	-	124
Gain on disposal of investment in subsidiaries	-	-	-	(53)	-	(53)
Waiver of tax penalty expense	(2,302)	-	-	-	-	(2,302)
Bad debts written off	-	-	2,243	-	-	2,243

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Education (discontinued) RM'000	Others RM'000	Elimination RM'000	Total Operations RM'000
2015							
Revenue							
External sales	41,727	21,841	60,429	1,781	239	-	126,017
Inter-segment sales	87	3,189	16,707	-	43,765	(63,748)	-
Total revenue	41,814	25,030	77,136	1,781	44,004	(63,748)	126,017
Results							
Segment results	(6,187)	21,252	2,248	(1,262)	29,684	(43,736)	1,999
Profit from operations							1,999
Finance costs							(11,185)
Share of results of associate							(186)
Loss before tax							(9,372)
Income tax credit							141
Loss for the year							(9,231)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

38. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality & Health RM'000	Others RM'000	Elimination RM'000	Total Consolidated RM'000
2015						
Assets						
Segment assets	497,790	263,219	568,745	5,678	-	1,335,432
Tax recoverable	174	-	-	3,714	-	3,888
Deferred tax assets	4,633	-	-	-	-	4,633
Consolidated total assets						<u>1,343,953</u>
Liabilities						
Segment liabilities	100,481	88,570	88,085	88,802	-	365,938
Deferred tax liabilities	4,214	27,243	48,228	-	-	79,685
Tax liabilities	42,596	1,050	(616)	3,820	-	46,850
Consolidated total liabilities						<u>492,473</u>
2015						
Other Information						
Capital expenditure	33	1,276	2,819	66	-	4,194
Depreciation/Amortisation	492	3,424	10,235	269	-	14,420
Allowance for doubtful debts	-	91	2,424	-	-	2,515
Allowance for doubtful debts no longer required	-	(72)	(41)	-	-	(113)
Gain on disposal of property, plant and equipment	-	(1)	(7)	-	-	(8)
Inventories written down	256	-	-	-	-	256
Fair value gain on investment properties	(8,224)	(7,832)	-	-	-	(16,056)
Property, plant and equipment written off	-	-	-	39	-	39
Goodwill on consolidation written off	-	758	-	-	-	758
Amortisation of deferred income	-	-	(3,475)	-	-	(3,475)
Waiver of debt owing to other payable	-	-	(12,450)	-	-	(12,450)
Available-for-sale financial assets written off	80	-	-	-	-	80
Allowance for impairment loss on associate	-	-	41	-	-	41

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2016

38. SEGMENT INFORMATION (cont'd)

(b) Geographical Information

Although the Group's four major business segments are managed internationally, its operations are conducted in two principal geographical areas. In Malaysia, the Group's areas of operation are principally property development, property investment, hospitality and health and others. The Group also operates in South Africa, principally in golf estate ownership and operation of a boat club. The following is an analysis of the Group's revenue, segment assets and capital expenditure from continuing operations by geographical segment:

	Total Revenue From External Customers RM'000	Segment Assets RM'000	Capital Expenditure RM'000
2016			
Malaysia	84,604	1,264,764	2,278
South Africa	2,754	10,559	5
	<hr/> 87,358	<hr/> 1,275,323	<hr/> 2,283
2015			
Malaysia	122,087	1,334,837	4,190
South Africa	3,930	9,116	4
	<hr/> 126,017	<hr/> 1,343,953	<hr/> 4,194

39. SUBSEQUENT EVENTS

On 8 February, 2017, the Company entered into a share sale agreement with CUCMS Education Sdn Bhd ("CESB") to dispose of 1,000,000 ordinary shares of RM1.00 each in Country Heights Education Sdn Bhd ("CHESB"), representing 70% of the ordinary shares in CHESB, and 6,771,000 cumulative preference shares of RM0.01 each in CHESB, representing all of the cumulative preference shares in CHESB for a total sale consideration of RM105,001.

On 7 March, 2017, the Company entered into a Deed of Termination with CESB whereby both parties agreed to rescind the share sale agreement.

SUPPLEMENTARY INFORMATION

DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March, 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements which requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting period, into realised and unrealised profits or losses.

On 20 December, 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of disclosure.

The breakdown of the retained earnings of the Group and of the Company as of the end of the reporting period into realised and unrealised profits or losses pursuant to the directive is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
The share of retained earnings of the Company and its subsidiaries:				
Realised	482,445	538,457	76,368	88,118
Unrealised	(80,073)	(80,386)	-	-
	402,372	458,071	76,368	88,118
Total share of retained earnings from associate:				
Realised	-	-	-	-
	402,372	458,071	76,368	88,118
Less: Consolidation adjustments	(108,286)	(118,531)	-	-
Total retained earnings as per statements of financial position	294,086	339,540	76,368	88,118

The determination of realised and unrealised profits or losses is based on Guidance on Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements” as issued by the Malaysian Institute of Accountants on 20 December, 2010. A charge or credit to profit or loss of a legal entity is deemed realised when it resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

STATEMENT BY DIRECTORS

The directors of **COUNTRY HEIGHTS HOLDINGS BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December, 2016 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out on page 171 of the Financial Statements, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 'Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements' as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

**TAN SRI LEE KIM TIONG @
LEE KIM YEW**

LEE THAI YOUNG MATAHARI

Kuala Lumpur
11 April, 2017

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **GAN TIAN CHOO**, being the officer primarily responsible for the financial management of **COUNTRY HEIGHTS HOLDINGS BERHAD.**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

GAN TIAN CHOO

Subscribed and solemnly declared by
the abovenamed **GAN TIAN CHOO** at
KUALA LUMPUR in Federal Territory,
on this 11th day of April, 2017.

Before me,

W668 LAI DIN
COMMISSIONER FOR OATHS
Kuala Lumpur

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2017

Total number of Issued Shares : 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares)

Class of Share : Ordinary Share

Voting Rights : One Vote per Ordinary Share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	115	2.44	1,750	0.00
100 - 1,000	1,536	32.56	1,386,342	0.51
1,001 - 10,000	2,677	56.75	9,351,037	3.42
10,001 - 100,000	340	7.21	9,384,870	3.43
100,001 to less than 5% of issued shares	42	0.89	47,167,504	17.24
5% and above of issued shares	7	0.15	206,265,900	75.40
Total	4,717	100.00	273,557,403	100.00

Statement of Directors' Shareholdings

No.	Name of Directors	No. of Shares			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	32.75	85,686,641 ⁽¹⁾	31.32
2	Lee Cheng Wen	14,978,831	5.48	-	-
3	Nik Hassan Bin Nik Mohd Amin	-	-	-	-
4	Chew Chong Eu	-	-	-	-
5	Chua Hee Boon	13,000	0.00	-	-
6	Lee Thai Young Matahari	-	-	-	-
7	Lee Sow Lin	10,000	0.00	-	-
8	Yip Chun Mun	11,000	0.00	-	-
9	Har Soon Thim	-	-	-	-

Substantial Shareholders

No.	Name of Shareholders	No. of Shares			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	32.75	68,804,810 ⁽²⁾	25.15
2	Country Heights Venture Sdn Bhd	39,425,000	14.41	-	-
3	Country Heights International Sdn Bhd	30,379,810	11.11	-	-
4	Joint Win Investments Limited	16,939,300	6.19	-	-
5	Lim Wee Hang	15,521,790	5.67	-	-
6	Lee Cheng Wen	14,978,831	5.48	-	-

Notes :

⁽¹⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016, and his spouse's and child's interests in Country Heights Holdings Berhad pursuant to Section 59(11)(c) of the Companies Act, 2016

⁽²⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

AS AT 29 MARCH 2017

Name of Shareholders	No. of Shares	Percentage*
1. Lee Kim Tiong @ Lee Kim Yew	89,021,169	32.54
2. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	30,379,810	11.11
3. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Country Heights Venture Sdn Bhd</i>	23,675,000	8.66
4. Joint Win Investments Limited	16,939,300	6.19
5. Country Heights Venture Sdn Bhd	15,750,000	5.76
6. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Wee Hang</i>	15,521,790	5.67
7. Lee Cheng Wen	14,978,831	5.48
8. Kensington Group Management Limited	13,624,000	4.98
9. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Siva Kumar a/l M Jeyapalan</i>	8,000,000	2.92
10. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Muthukumar a/l Jeyapalan</i>	6,000,000	2.19
11. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Sharon a/p S I Josop</i>	3,000,000	1.10
12. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Siva Kumar a/l M Jeyapalan</i>	2,613,000	0.96
13. Lim Soon Guan	2,012,000	0.74
14. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Wong Hai Ong</i>	1,100,000	0.40
15. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	1,039,500	0.38
16. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn. Bhd.</i>	900,000	0.33
17. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	811,200	0.30
18. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	669,642	0.24
19. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Chuan</i>	612,800	0.22
20. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	555,461	0.20
21. Anchor Point Sdn Bhd	480,000	0.18
22. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ng Faai @ Ng Yoke Pei</i>	478,400	0.17
23. Malpac Capital Sdn Bhd	468,500	0.17
24. Tan Eng Hock	446,400	0.16
25. Liew Sui Kum	414,700	0.15
26. Lim Hong Liang	312,200	0.11
27. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	283,900	0.10
28. EB Nominees (Tempatan) Sendirian Berhad <i>Pledged securities account for Chong Kim Chan</i>	250,000	0.09
29. Lee Ah Leong	238,701	0.09
30. Wong Kheng Cheong	220,000	0.08
Total	250,796,304	91.67

* The total number of issued shares of CHHB: 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares).

LIST OF LANDED PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	24	Freehold	Residential - bungalow land	10.90		1,987	13/07/87
HSD 20047 P.T. No. 12956 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten	1.55	28	1,700	31/12/15*
HSD 20055 P.T. No. 12964 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Institutional Land		2,900	31/12/15*	
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Land		1,600	31/12/15*	
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Land		1,100	31/12/15*	
Lot 37653 HM 122934 Bandar Country Heights District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Convenience Centre, Banking Hall & Clubhouse	6.41	28	33,937	01/12/10*
HSD 52968 P.T.No. 40835 Mukim of Kajang District of Ulu Langat Selangor	Limited Additions Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Residential - bungalow land	0.38		69	21/04/89
Pajakan Negeri 7212 No. Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	4 villas	Leasehold (expiring 12.11.2088)	Villas - P1: completed	0.99	23	726	24/08/88
		11 villas		- P2: completed (unsold units retained for rental purposes)		20	1,998	24/08/88
Pajakan Negeri 7211 No. Lot 24731 HSD 22918 P.T.No. 14193 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	1	Leasehold (expiring 12.11.2088)	Clubhouse & Tennis Courts	12.28	22	11,008	24/08/88
HSD 232191 P.T. No. 852 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	1	Leasehold (expiring 4.6.2105)	Proposed Condo	1.69		1,129	15/06/93*

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
PN 11297 Lot 1591 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	31	Leasehold (expiring 1.12.2107)	Residential - bungalow land	7.70		8,429	15/06/93*
	College Valley Industrial Park	61	Freehold	Industrial land	4.60		2,439	31/03/95
Lot 27 HSD 104396 P.T. No. 12274 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.18	20	27,961	01/06/94
Lot 28 HSD 104395 P.T. No. 12273 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.18	20		01/06/94
Lot 397 HSD 104778 P.T. No. 12656 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.23	20		01/06/94
Lot 890 HSD 105017 P.T. No. 12895 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.23	20		01/06/94
Lot 963 HSD 105344 P.T. No. 13222 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	20		01/06/94
Lot 972 HSD 105335 P.T. No. 13213 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.16	20		01/06/94
Lot 973 HSD 105334 P.T. No. 13212 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	20		01/06/94
Lot 1038 HSD 105294 P.T. No. 13173 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.19	20		01/06/94
Lot 1323 HSD 105606 P.T. No. 13485 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.18	9		01/06/94
Lot 1324 HSD 105607 P.T. No. 13486 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	9		
Lot 1325 HSD 105608 P.T. No. 13487 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	9		

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Lot 1327 HSD 105610 P.T. No. 13489 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.19	9	9,671	01/06/94
	College Heights Garden Resort	7	Freehold	Bungalow	5.19	20		
	College Heights Garden Resort	200	Freehold	Residential - bungalow land	42.35			
	College Heights Garden Resort	7	Freehold	2-storey shop-office	0.41	15		
	College Heights Garden Resort	27	Freehold	3-storey shop-office	1.17	15		
Lot 23560 HM 132798 Mukim of Setul District of Seremban	College Heights Garden Resort	216	Freehold	Low cost flat/shop	3.05	13	7,780	01/06/94
	College Heights Garden Resort	7	Freehold	Institutional land	80.17		12,324	01/06/94
	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56			
	College Heights Garden Resort	154	Freehold	Commercial Development	12.87		2,630	01/06/94
	College Heights Garden Resort	2	Freehold	Residential future	4.13		1,799	01/06/94
	College Heights Garden Resort	4	Freehold	Hotel, Medical, Petrol Station & Gerai	5.58			01/06/94
Lot 8217 PM 336 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 08/12/2093)	Agriculture Land	2.00		1,521	06/08/01
	College Heights Garden Resort	1	Leasehold (Expiring 23/08/2095)	Agriculture Land	1.91			06/08/01
	College Heights Garden Resort	1	Leasehold (Expiring 23/08/2095)	Agriculture Land	1.47			06/08/01
CT 8095 - 8098 Lot 4129 - 4132 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	90	Freehold	Residential - bungalow land	13.48		5,644	01/03/95

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
PN 17796 (formerly HSD 10483) Lot 1284 (formerly Lot 1115) Pekan Teluk Kemang District of Port Dickson Negeri Sembilan	Ocean Wave Water Theme Park		Leasehold (expiring 18.12.2089)	Theme Park & service apartments	3.83	11	8,381	27/02/90
Lot 7938 HM 37650 PT No. 2712 Mukim of Setul District of Seremban Negeri Sembilan	Lot 162, Staffield Country Resort	1	Freehold	Residential - bungalow land	0.21		350	31/12/15
Lot No.15 section 11 Gunung Penrissen Padawan Kuching, Pangkalan Ampat Land District of Sarawak	Borneo Heights	58	Leasehold 198 years	Residential - bungalow land	28.83	}	48,537	20/09/94
				Future Development	4,803.92			20/09/94
	The Hornbill Golf & Jungle Club			Golf Course & Golf Hotel	162.60	16	29,212	27/06/00
Lot 4 (Lot 4756) Geran No. 44342 Lot 7 Geran No. 7062 Lot 6534 Geran No. 25870 Lot 1818 HM 1820 Lot 1962 HM 1819 Lot 503 HM 614 Lot 1710 HM 1833 Lot 11 HM 1672 Jenan, Kedah	Jenan Estate, Kubang Pasu, Kedah	72	Freehold	Bungalow Lots	11.16		3,848	08/11/95
		7	Freehold	Bungalow House	1.39		3,366	
		4	Freehold	Super Linked House	0.17		1,042	08/11/95
		1	Freehold	Future Development	239.00		25,331	
		6	Freehold	Commercial Lots	3.30		1,332	
		48	Freehold	Shop Office	4.50		2,795	
		90	Freehold	Belleza Ph 3	10.00		3,048	
		1	Freehold	Club House	6.48	12	15,000	31/12/15*
HSD 34515 P.T. No. 48505 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Cyber Heights Villas	0.04	12	276	11/02/99
		6	Freehold	Cyber Residency	0.23		1,989	11/02/99
		128	Freehold	Sawtelle Suites	1.65		11,985	11/02/99
HSD 34516 P.T. No. 48506 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Proposed Mixed Development (488 Condo + 45 Double Storey)	9.27		13,278	11/02/99

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 34517 P.T. No. 48507 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	72	Freehold	Signature Villa - Mansion Park	8.63		28,514	11/02/99
HSD 220869 P.T. No. 27695 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Club House	3.66	12	7,116	11/02/99
		1		Future Development	3.59		1,827	11/02/99
Geran No. 37112 Lot 826 Mukim of Batu District of Kuala Lumpur 52000 Kuala Lumpur	CH Damansara	1	Freehold	Bungalow House	0.25	8	6,071	
		1	Freehold	Cluster Bungalow	13.40	8	42,302	14/11/00
Lot 8242 HM 34157 Mukim of Durian Tunggal District of Alor Gajah Melaka	Melaka Land	1	Leasehold (expiring 21.4.2103)	Future Mixed Development	62.02		10,546	14/04/04
Lot 1578 HSD 91910 Pekan Baru Sungai Besi District of Petaling Selangor	Golf View Apartments	1	Leasehold (expiring 20.3.2091)	Recreational	11.86		25,999	25/09/98
HSD 59885 P.T. No. 16713 Mukim of Petaling District of Petaling Selangor	Palace of the Golden Horses The Mines Resort City	1	Leasehold (expiring 20.3.2091)	Hotel	13.80	19	362,073	20/05/04*
HSD 59892 P.T. No. 16720 Mukim of Petaling District of Petaling Selangor	Mines Wellness Hotel	1	Leasehold (expiring 20.3.2091)	Hotel	9.25	24	69,017	29/02/08*
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC)	1	Leasehold (expiring 20.3.2091)	Exhibition Centre	6.74	19	186,681	01/07/03*
HSD 59887 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Commercial Building	6.30	19	70,000	31/12/15*
				Proposed commercial building	5.75		74,492	
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational	1.77		13,423	25/09/98

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 59890 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Recreational	153.40			25/09/98
Pajakan Negeri 7212 No Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	20 villas	Leasehold (expiring 12.11.2088)	Palace Vacation Club	28.66	21	3,440	01/03/10
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	4	Freehold	Apartments	0.79	19	705	12/11/01
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	6	Freehold	Apartments	0.86	5	1,110	12/11/01
HSM 9-93 P.T. NO. 249 Mukim of Padang Matairat District of Langkawi Langkawi, Kedah Darul Aman	Perdana Beach Resort Mukim Padang Matairat Langkawi	4	Freehold	Apartments	0.09	17	757	21/05/02
NGL886853 City Road London	Bezier Apartment London	1	Leasehold	Apartments	0.01	4	2,030	28/04/11
Erf 910	Extension 11 482 JQ North West Province South Africa	1	Freehold	Corporate Lodge	0.13	16	597	31/12/99
Erf 470	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Clubhouse	8.37	18	26	01/06/03
Portion 124	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Club Marina	9.87			01/06/03
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	18		01/06/03

List of Landed Properties Held by the Group

AS AT 31 DECEMBER 2016

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2016 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03	18	2,797	01/06/03
Erf 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	176.65			01/06/03
Erf 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86			01/06/03
Erf 1205	Extension 14 482 JQ North West Province South Africa	1	Freehold	Public Open Space	0.29			01/06/03
Erf 1269	Extension 16 482 JQ North West Province South Africa	1	Freehold	Parking	0.52			01/06/03
Portion 73	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	10.74	}	593	01/06/03
Remaining extent of portion 77	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	17.66			01/06/03
					6,106.52		1,218,238	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 33rd Annual General Meeting of Country Heights Holdings Berhad will be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 11.00 a.m. to transact the following business:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.
2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016. *(Resolution 1)*
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM156,000 from 1 January 2017 until the next AGM of the Company. *(Resolution 2)*
4. To re-elect the following persons, who are retiring pursuant to Article 102 of the Company's Articles of Association, as Directors of the Company, and being eligible, have offered themselves for re-election:-
 - i. Encik Nik Hassan Bin Nik Mohd Amin *(Resolution 3)*
 - ii. Mr. Chew Chong Eu *(Resolution 4)*
5. To re-elect the following persons, who are retiring pursuant to Article 106 of the Company's Articles of Association, as Directors of the Company, and being eligible, have offered themselves for re-election:-
 - i. Mr. Lee Thai Young Matahari *(Resolution 5)*
 - ii. Ms. Lee Sow Lin *(Resolution 6)*
 - iii. Mr. Har Soon Thim *(Resolution 7)*
 - iv. Mr. Yip Chun Mun *(Resolution 8)*
 - v. Mr. Chua Hee Boon *(Resolution 9)*
6. To appoint Messrs. Kreston John & Gan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 10)*

Notice of Nomination, a copy of which is annexed hereto and marked "**Annexure A**" in the Annual Report 2016, had been received by the Company for the nomination of Messrs. Kreston John & Gan for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte PLT, and of the intention to propose the following ordinary resolution:-

"That subject to their consent to act, Messrs. Kreston John & Gan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte PLT, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

Notice of Annual General Meeting

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

7. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

“THAT, pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 11)

8. Proposed Renewal of General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT, subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the Recurrent Related Party Transactions of a Revenue or Trading Nature with the Related Parties as specified in Section 3.1 of the Circular to Shareholders dated 28 April 2017, provided always that:-

- i. the transactions are necessary for the day-to-day operations of the Group;
- ii. the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and the transactions are undertaken at arm’s length basis and are not detrimental to the minority shareholders of the Company; and
- iii. disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the Shareholders’ Mandate during the financial year;

AND THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which this resolution was passed at which time such approval shall lapse unless by ordinary resolution passed at a general meeting, the approval is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution of the Shareholders of the Company at a general meeting;

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution.”

(Resolution 12)

Notice of Annual General Meeting

9. Proposed Renewal of Authority for the Purchase of its Own Shares by the Company

“THAT, subject always to the Companies Act, 2016 (“the Act”), the provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- ii. the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and
- iii. at the discretion of the Directors of the Company, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and may be distributed as dividends or resold on Bursa Securities or subsequently cancelled.

AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which this resolution was passed at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution of the Shareholders of the Company at a general meeting;

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares.”

(Resolution 13)

10. Retention of Encik Nik Hassan Bin Nik Mohd Amin as Independent Non-Executive Director

“THAT subject to the passing of Ordinary Resolution 3, authority be and is hereby given to Encik Nik Hassan Bin Nik Mohd Amin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012.”

(Resolution 14)

11. Retention of Mr. Chew Chong Eu as Independent Non-Executive Director

“THAT subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Mr. Chew Chong Eu, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012.”

(Resolution 15)

Notice of Annual General Meeting

12. To transact any other business of which due notice shall have been given.

By Order of the Board

WONG SOOK PING
(MAICSA 0761491)
Company Secretary

Seri Kembangan, Selangor Darul Ehsan
28 April 2017

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of a proxy.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy shall have the same rights as a member to speak at the Meeting.
3. If no name is inserted in the space for the name of the proxy, the Chairman of the Meeting will act as the proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Only members registered in the Record of Depositors as at 14 June 2017 shall be eligible to attend the 33rd Annual General Meeting or appoint proxies to attend and vote on his or her behalf.
7. The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the Meeting should the member subsequently wish to do so.

Explanatory Notes:

1. The audited financial statements are for discussion only under Agenda 1, as it does not require shareholders' approval under the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, it will not be put for voting.
2. The proposed Ordinary Resolution 11 is to renew the authority granted by the Shareholders of the Company at the 32nd Annual General Meeting ("AGM") held on 2 June 2016. The proposed mandate, if passed, will empower the Directors of the Company, from the date of this AGM, the authority to allot and issue shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company. This is to avoid any delay and cost involved in the convening of further general meetings to obtain shareholders' approval for such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.

The purpose and utilisation of the proceeds could only be determined if the Board of Directors decides to allot the shares.

The Board of Directors did not issue any shares pursuant to the mandate obtained at the 32nd AGM held on 2 June 2016.

The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

Notice of Annual General Meeting

3. The proposed Ordinary Resolution 12, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of its business as set out in the Circular to Shareholders dated 28 April 2017 with the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. The shareholders' mandate is subject to renewal on an annual basis.
4. The proposed Ordinary Resolution 13, if passed, will empower the Directors of the Company to purchase the Company's shares of up to 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.
5. The proposed Ordinary Resolution 14, if passed, will allow Encik Nik Hassan Bin Nik Mohd Amin to be retained and to continue to act as Independent Non-Executive Director to fulfill the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. Details of the Board's justification and recommendation for the retention of Encik Nik Hassan Bin Nik Mohd Amin as Independent Non-Executive Director are set out in the Statement on Corporate Governance in the Annual Report 2016.
6. The proposed Ordinary Resolution 15, if passed, will allow Mr. Chew Chong Eu to be retained and to continue to act as Independent Non-Executive Director to fulfill the requirements of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities. Details of the Board's justification and recommendation for the retention of Mr. Chew Chong Eu as Independent Non-Executive Director are set out in the Statement on Corporate Governance in the Annual Report 2016.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of Director standing for re-election are as follows:

The Directors who are standing for re-election/re-appointment at the 33rd Annual General Meeting are as follows:-

Encik Nik Hassan Bin Nik Mohd Amin
Mr. Chew Chong Eu
Mr. Lee Thai Young Matahari
Ms. Lee Sow Lin
Mr. Har Soon Thim
Mr. Yip Chun Mun
Mr. Chua Hee Boon

The details of the above Directors and their interests in the securities of the Company are set out on pages 10 to 16 and 173 of the Annual Report.

ANNEXURE A

Tan Sri Lee Kim Tiong @ Lee Kim Yew
1, Lorong Senyum Matahari D
Country Heights, 43000 Kajang
Selangor Darul Ehsan

Date: 17 April 2017

The Board of Directors
COUNTRY HEIGHTS HOLDINGS BERHAD
8th Floor, Block A
MINES Waterfront Business Park
No. 3, Jalan Tasik
MINES Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

Dear Sirs

NOMINATION OF AUDITORS

Pursuant to Section 280(3) of the Companies Act, 2016, I being a shareholder of Country Heights Holdings Berhad, hereby give notice of nomination of MESSRS. KRESTON JOHN & GAN as Auditors of the Company in place of the retiring Auditors Messrs. Deloitte PLT, and of my intention to propose the following as an ordinary resolution to be tabled at the Annual General Meeting of the Company:-

“That subject to their consent to act, Messrs. Kreston John & Gan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs. Deloitte PLT, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.”

Yours faithfully,



TAN SRI LEE KIM TIONG @ LEE KIM YEW
Shareholder



PROXY FORM

No. of ordinary shares held

*I / We _____ NRIC No./Passport No./Company No. _____

of _____
being a member/members of Country Heights Holdings Berhad (119416-K) hereby appoint:-

Proxy	Name and NRIC/Passport No.	Address	Proportion of Shareholdings	
			No. of Shares	%

and/or

--	--	--	--	--

or failing him, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 33rd Annual General Meeting of the Company to be held at the Unity Room, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 21 June 2017 at 11.00 a.m., and any adjournment thereof.

Please indicate with an "X" in the spaces provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at *his/her discretion.

Ordinary Resolution	Agenda	For	Against
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' remuneration		
3.	To re-elect Encik Nik Hassan Bin Nik Mohd Amin as Director		
4.	To re-elect Mr. Chew Chong Eu as Director		
5.	To re-elect Mr. Lee Thai Young Matahari as Director		
6.	To re-elect Ms. Lee Sow Lin as Director		
7.	To re-elect Mr. Har Soon Thim as Director		
8.	To re-elect Mr. Yip Chun Mun as Director		
9.	To re-elect Mr. Chua Hee Boon as Director		
10.	To appoint Messrs. Kreston John & Gan as Auditors and to authorise the Directors to fix their remuneration		
11.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
12.	To approve the Proposed Renewal of General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
13.	To approve the Proposed Renewal of Authority for the Purchase of its Own Shares by the Company		
14.	To authorise Encik Nik Hassan Bin Nik Mohd Amin to continue in office as Independent Non-Executive Director		
15.	To authorise Mr. Chew Chong Eu to continue in office as Independent Non-Executive Director		

* Strike out whichever not applicable

Signed this _____ day of _____, 2017.

Signature/Common Seal of Shareholder _____

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy. There shall be no restriction as to the qualification of a proxy.
- Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy shall have the same rights as a member to speak at the Meeting.
- If no name is inserted in the space for the name of the proxy, the Chairman of the Meeting will act as the proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Only members registered in the Record of Depositors as at 14 June 2017 shall be eligible to attend the 33rd Annual General Meeting or appoint proxies to attend and vote on his or her behalf.
- The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 8th Floor, Block A, Mines Waterfront Business Park, No. 3, Jalan Tasik, Mines Wellness City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the Meeting should the member subsequently wish to do so.

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AFFIX
STAMP

The Company Secretary
Country Heights Holdings Berhad
8th Floor, Block A
Mines Waterfront Business Park
No. 3, Jalan Tasik, Mines Wellness City
43300 Seri Kembangan, Selangor Darul Ehsan

First fold here

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Carousei
International
Coffeehouse



鄭和苑
CHENG HO COURT



SIDE WALK
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