

*Ever Searching for Better Living*



**COUNTRY HEIGHTS**  
绿野集团

**Country Heights Holdings Berhad**  
(119416-K)



annual report 2018

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**our vision**

Ever Searching for Better Living!

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**our mission**

It's All About Meaningful Innovative Creations!

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**our values**

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

- love
- quality
- style
- nature
- excellence

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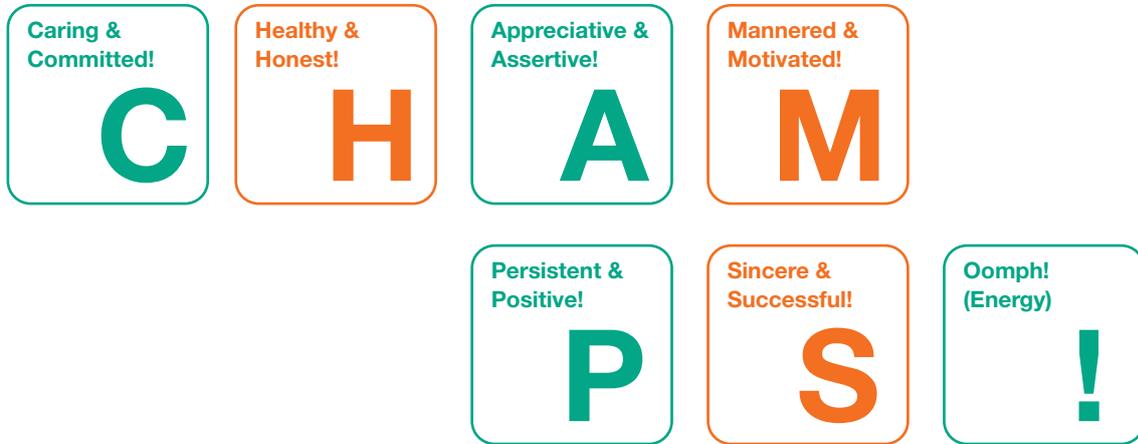
# corporate profilo

## A NEW BEGINNING

**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, 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 tinmining 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.



# we are the 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)

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

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 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!

# corporate information

## BOARD OF DIRECTORS

**Tan Sri Lee Kim Tiong @ Lee Kim Yew** / Executive Chairman  
**Lee Cheng Wen** / Deputy Chairman, Non-Independent Non-Executive Director  
**Ong Tee Chin** / Independent Non-Executive Director  
**Chew Chong Eu** / Independent Non-Executive Director  
**Lee Sow Lin** / Executive Director  
**Lee Thai Young Matahari** / Executive Director  
**Yip Chun Mun** / Executive Director

### GROUP CHIEF EXECUTIVE OFFICER

Dato' Low Kok Thai

### AUDIT & RISK MANAGEMENT COMMITTEE

Ong Tee Chin  
*Chairman*

Chew Chong Eu  
Lee Cheng Wen

### NOMINATION & REMUNERATION COMMITTEE

Chew Chong Eu  
*Chairman*

Ong Tee Chin  
Lee Cheng Wen

### 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

UHY  
Chartered Accountants  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia

### 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  
Bank Pembangunan Malaysia Berhad

### SOLICITORS

Raja, Darryl & Loh  
Iqbal Hakim, Sia & Voo  
S.Ravichandran & Anuar  
Thompson Associates  
M Scully  
Justin Voon Chooi & Wing

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

### WEBSITE

[www.countryheights.com.my](http://www.countryheights.com.my)

# corporate structure

*Ever Searching for Better Living*

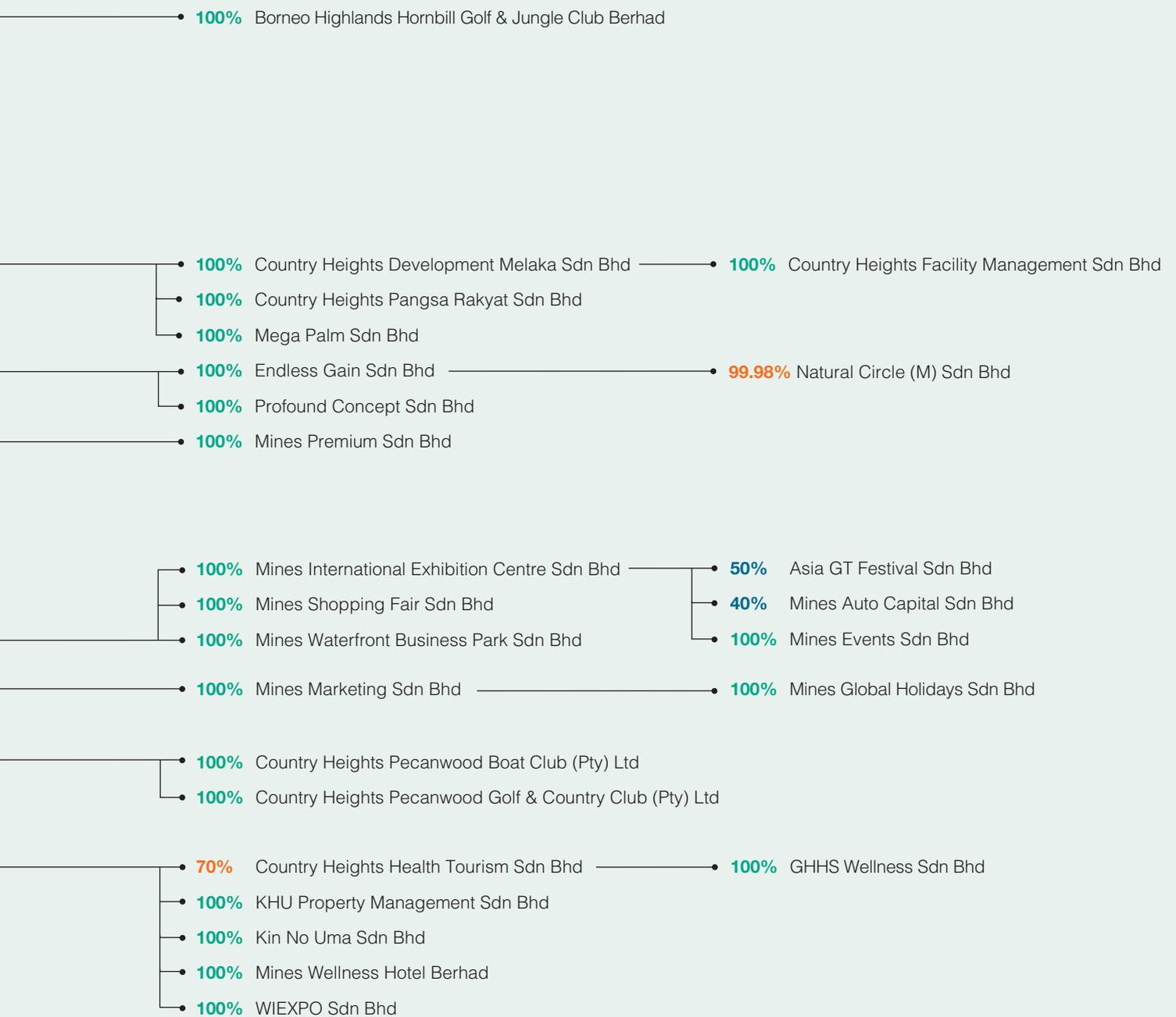


绿野集团

**Country Heights Holdings Berhad**  
(119416-K)

- 70% Borneo Heights Sdn Bhd
- 100% College Heights Utara Sdn Bhd
- 100% Country Heights Commercial Development Sdn Bhd
- 100% Country Heights Development Sdn Bhd
- 100% Country Heights eMarketing Services Sdn Bhd
- 100% Country Heights Global Ltd
- 100% Country Heights Industries Sdn Bhd
- 100% Country Heights Properties Sdn Bhd
- 100% Country Heights Property Development Berhad
- 100% Country Heights Resorts & Leisure Sdn Bhd
- 100% Country Heights Resources Management (M) Sdn Bhd
- 100% Country Heights Sdn Bhd
- 100% Country Heights Sea Resort Sdn Bhd
- 100% Country Heights W.T.C. Sdn Bhd
- 100% Grand Wellness Hub Sdn Bhd  
(formerly known as East Vision Leisure Group Sdn Bhd)
- 81% Golden Horse Palace Berhad
- 100% Hasil Cermat Sdn Bhd
- 100% Magnitude Knight (M) Sdn Bhd
- 100% Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd
- 60% Mines Global Holidays & Travel Sdn Bhd
- 100% Mines Holdings Sdn Bhd
- 48% Simplex Design Sdn Bhd (Associate Company)
- 69% Stallion Management Sdn Bhd
- 100% Tadika Sri Moral Sdn Bhd
- 100% Tindak Murni Sdn Bhd
- 100% Versatile Champion Sdn Bhd
- 100% Walum Enterprise Sdn Bhd

## Corporate Structure



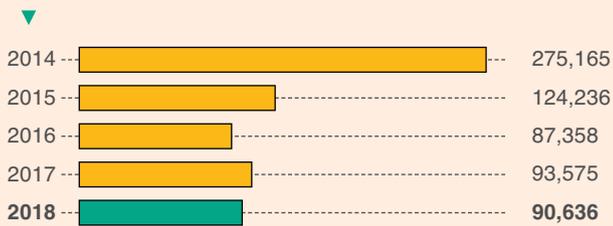
# five-year group financial highlights

	2018	2017	2016	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<b>90,636</b>	93,575	87,358	124,236	275,165
Profit/(Loss) before taxation	<b>104,937</b>	413	(53,755)	(8,109)	51,834
Profit/(Loss) after taxation	<b>84,328</b>	(2,352)	(54,574)	(9,231)	37,329
Net Profit/(Loss) Attributable to Shareholders	<b>86,653</b>	(2,624)	(48,521)	(8,612)	37,851
Total Assets	<b>1,392,236</b>	1,274,108	1,275,323	1,343,953	1,351,527
Total Liabilities	<b>517,039</b>	480,660	478,228	492,473	498,077
Share Capital net of treasury shares RM	<b>272,793</b>	272,793	272,793	275,707	275,707
Share Capital net of treasury shares unit	<b>273,557</b>	273,557	273,557	275,707	275,707
Reserves	<b>507,273</b>	423,814	504,188	552,830	551,413
Shareholders' Funds	<b>856,365</b>	772,906	776,981	825,623	826,974
Basic Earnings/(Loss) Per Share (sen)	<b>31.68</b>	(0.95)	(17.79)	(3.12)	13.73
Net Assets Per Share (RM)	<b>3.13</b>	2.83	2.84	3.02	3.00
Return on Total Assets (%)	<b>6.22</b>	(0.20)	(3.80)	(0.64)	2.80
Return on Equity (%)	<b>10.12</b>	(0.33)	(6.24)	(1.04)	4.58
Gearing (Net Debt/Equity)	<b>0.24</b>	0.27	0.25	0.20	0.19
Total borrowing	<b>224,931</b>	229,262	213,829	194,683	207,583
Cash	<b>(11,766)</b>	(16,167)	(12,856)	(20,806)	(47,547)
Net borrowing	<b>213,165</b>	213,095	200,973	173,877	160,036
Total equity	<b>875,197</b>	793,448	797,095	851,480	853,450
Ratio	<b>0.24</b>	0.27	0.25	0.20	0.19

## Five-Year Group Financial Highlights

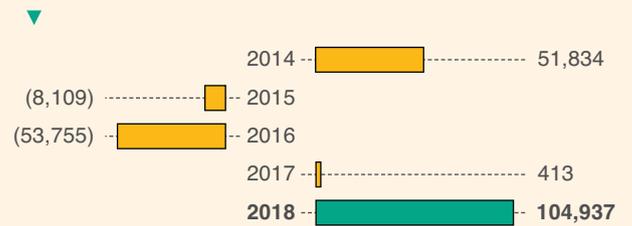
### REVENUE

(RM'000)



### (LOSS)/PROFIT BEFORE TAXATION

(RM'000)



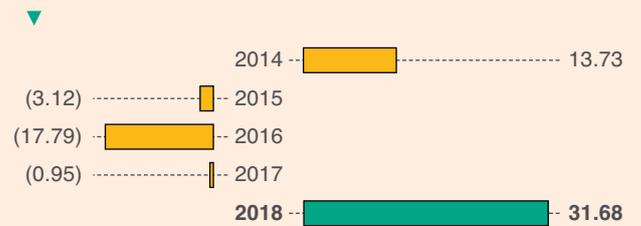
### SHAREHOLDERS' FUNDS

(RM'000)



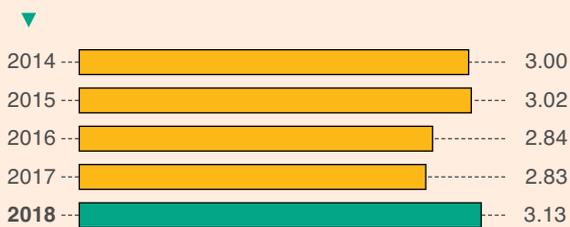
### BASIC EARNINGS/(LOSS) PER SHARE

(Sen)



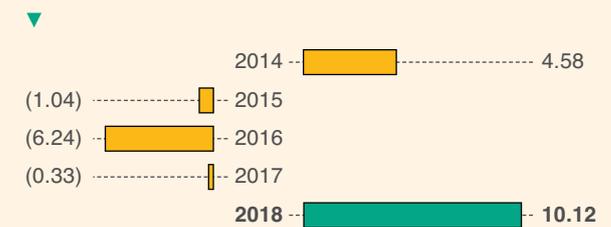
### NET ASSETS PER SHARE

(RM)



### RETURN ON EQUITY

(%)



## PROFILE OF BOARD OF DIRECTORS



### Y. BHG. TAN SRI LEE KIM TIONG @ LEE KIM YEW

Executive Chairman

Nationality	Gender	Age
Malaysian	Male	64

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 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 keys 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 Brands 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 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 "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.

Tan Sri Lee Kim Tiong @ Lee Kim Yew also sits on the Board of Golden Horse Palace Berhad, Mines Wellness Hotel Berhad and several other private companies. He has no directorship in other public listed companies.

Tan Sri Lee Kim Tiong @ Lee Kim Yew is the father of Ms. Lee Cheng Wen, the 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 a 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

Nationality	Gender	Age
Malaysian	Female	33



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 Country Heights Holdings Berhad on 1 October 2016. Ms. Lee Cheng Wen was appointed as the Chairperson of the Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee on 1 October 2016. She resigned as the Chairperson of the Nomination & Remuneration Committee and was re-designated as a member of the Nomination & Remuneration Committee on 10 April 2018.

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

a few 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 been accorded with '2016 China Daily Asian Women Leadership Awards', a joint initiative by China Daily and Asia News Network 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 sits on the Board of Golden Horse Palace Berhad, Mines Wellness Hotel Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad. She is also a director of several private companies and has no directorship in other public listed companies.

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 day-to-day operations of the Group.

## Profile of Board of Directors



### MR. ONG TEE CHIN

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	55

Mr. Ong Tee Chin was appointed to the Board on 20 September 2017 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 20 September 2017. On 10 April 2018, he was re-designated as the Chairman of the Nomination & Remuneration Committee. On 12 April 2019, he was redesignated as the Chairman of the Audit & Risk Management Committee and as a member of the Nomination & Remuneration Committee.

Mr. Ong Tee Chin graduated with a Bachelor of Pharmacy from University Science Malaysia and a Bachelor of Laws from University of London.

Mr. Ong Tee Chin is a CFA® charterholder and a certified Financial Risk Manager ("FRM") awarded by the Global Association of Risk Professionals. He is a Chartered Accountant, member of Malaysian Institute of Accountants ("MIA"), Association of Chartered Certified Accountants ("ACCA"), Chartered Institute of Management Accountants ("CIMA") and a graduate member of Malaysian Institute of Certified Public Accountants ("MICPA"). He was also the prize winner for Advance Taxation, Malaysian variant conducted by ACCA in December 2002. Also, he holds a capital market representative license from Securities Commission Malaysia required for providing advisory work on corporate finance.

His previous experiences include an attachment with one of the Big Four International Accounting Firms and he was a finance director for a number of listed companies with operations in Malaysia and Asia Pacific. His past ten years of experience was heading a licensed corporate finance company in Malaysia, providing corporate finance advisory functions including producing equity valuation and expert reports, independent advice letters and investment research for a diversified range of industries.

Mr. Ong Tee Chin is a director and shareholder of Asia Equity Research Sdn Bhd, a company specialising in providing advisory in corporate finance and investment advice.

Mr. Ong Tee Chin has no directorship in other public listed companies.

## Profile of Board of Directors

### MR. CHEW CHONG EU

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	57



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 and Nomination & Remuneration Committee of the Board. On 12 April 2019, he was re-designated as the Chairman of the Nomination & Remuneration Committee.

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 Schrodgers 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 privatization 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. He remains as the Senior Partner as of date. Mr. Chew Chong Eu was also appointed as the Regional Chairman of PKF International for the Asia Pacific Region, and a member of the board of PKF International.

Mr. Chew Chong Eu is also a Director of High-5 Consolidated Berhad. He has no directorship in other public listed companies.

## Profile of Board of Directors



### MS. LEE SOW LIN

Executive Director

Nationality	Gender	Age
Malaysian	Female	59

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 Financial Group for 15 years holding various senior positions in commercial banking, 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 involved in the commercial banking and corporate banking business and later in branch operations.

Ms. Lee Sow Lin joined Tan Sri Lee Kim Tiong @ Lee Kim Yew's private arm business in December 1999 where she was involved in managing his personal companies' gearing and funding requirements including overseeing his companies' corporate exercise 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, namely 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 of Country Heights Holdings Berhad, Ms. Lee Sow Lin is responsible to oversee the Group's corporate exercises and assists the Executive Chairman (during his absence) to oversee the Group's overall management. Ms. Lee Sow Lin also helps to liaise with bankers, stakeholders (including potential investors) and oversee the strategic business alliances for the Group.

Ms. Lee Sow Lin has no directorship in other public listed companies.

## Profile of Board of Directors



### MR. LEE THAI YOUNG MATAHARI

Executive Director

Nationality	Gender	Age
Malaysian	Male	28

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 a director of several private companies and has no directorship in other public listed companies.

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



### MR. YIP CHUN MUN

Executive Director

Nationality	Gender	Age
Malaysian	Male	56

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 Executive Director for Palace of the Golden Horses and Managing Directors of GHHS Healthcare, GHHS Chinese Medical Centre and GHHS Wellness & Spa. He is also the Chief Executive Officer of Palace Vacation Club and Mines Global Holidays Sdn Bhd (inbound travel agency).

Mr. Yip Chun Mun is currently the Chairman of the Malaysian Holiday Timeshare Developers' Federation ("MHTDF"). He has over 30 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 a Director and General Manager and has since marketed a variety of memberships and property products for Country Heights Group including GHHS Health United, Palace Vacation Club, Mines Golf membership, Hornbill Golf membership, Dignitaries Club and Heritage Serviced Residences. To-date, he has recruited more than 40,000 members for these various memberships and generated over RM1 billion sales revenue.

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 and

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 for golf tourism, education program, property tourism, "Malaysia My Second Home" program, and medical tourism 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, Country Heights Timeshare Berhad, Mines Excellent Golf Resort Berhad and several private companies. He has no directorship in other public listed companies.

**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 5 years other than traffic offences, if any, and any public sanction or penalty imposed by the relevant bodies during the financial year.

**3. Attendance of Board Meetings**

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

## PROFILE OF SENIOR MANAGEMENT

### DATO' LOW KOK THAI

Group Chief Executive Officer

Nationality	Gender	Age
Malaysian	Male	49



Dato' Low Kok Thai, was appointed as the Group Chief Executive Officer on 15 March 2019.

Dato' Low Kok Thai established Globalsoft (MSC) Sdn Bhd in 1997, as the founder and major shareholder. He went to Suzhou, China in year 2004 for new business development. In year 2005, Dato' Low Kok Thai set up Globalsoft Suzhou Co. Ltd. In year 2009, Globalsoft Suzhou merged with HiGalaxy (Beijing) and Bimbit (MSC) Sdn Bhd, renamed as Galasys Global (Suzhou) Co. Ltd.

In year 1993, Dato' Low Kok Thai graduated from Campbell University United States, and services in the largest software company in Malaysia, Patimas Berhad, who provide ERP software outsourcing for Computer Associates United States, the global team then mainly deals with the millennium bugs.

At the beginning stage, Globalsoft mainly focused on ERP and ticketing system solutions. Dato' Low Kok Thai leads more than hundred ERP project development and implementations. He has been invited by the Government of Malaysia to write and set up a small and medium enterprise ERP standard procedures. Meanwhile, Globalsoft is the major ticketing system supply in Malaysia market. In year 2003,

Globalsoft (MSC) Bhd listed in the Kuala Lumpur Stock Exchange.

In year 2008, Dato' Low Kok Thai sold the listed company shares and focuses on the ticketing business in China. Under the leadership of Dato' Low Kok Thai, Galasys has completed a fully integrated ticketing system, combined both software systems and hardware devices, and become one of the world's top ticketing system suppliers. In year 2010, Galasys entrusted Hong Kong venture capital, Netrove, for listing process. On 12 May 2015, Galasys listed in London Stock Exchange.

Galasys provide total ticketing solutions to customers, like Chime Long Group, OCT Group, Wanda Group, etc. In China theme parks industry, Galasys occupy about 80% of the market shares. Its important customers are as follows:-

1. Shanghai Disney e-Commerce Platform (16 million visitors p.a.)
2. Guangzhou Chime Long Group (8 parks in Guangzhou and Zhuhai) (28 million visitors p.a.)
3. OCT Group (Beijing, Wuhan, Shenzhen, Chengdu, Window of the World and etc.) (23 million visitors p.a.)
4. Beijing Forbidden City (15 million visitors p.a.)

5. Wanda Group (Wuhan, Nanchang, Hefei, Banna and etc.) (12 million visitors p.a.)
6. Hendian Group (13 million visitors p.a.)

Galasys not just provide ticketing admission control systems, but also provide hardware like turnstiles, lockers, auto vending machine, top-up machine, e-wallets, online to offline (O2O) linking, Intelligent Tourism Cloud Platform. The admission media not just 1D or 2D barcode, but also National ID card, member card, city transportation card, biometrics, mobile phone and wristband.

He is a director of several private companies and has no directorship in other public listed companies.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# chairman's

message

» On behalf of the Board of Directors (Board), it is my pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2018. «

—  
**Y. BHG. TAN SRI LEE KIM TIONG @ LEE KIM YEW**  
Executive Chairman and Founder of CHHB



## Chairman's Message



» Dear Shareholders,

Malaysia economy accelerated in the final quarter of 2018, the available data suggests that Malaysia' economic growth will have decelerated in the first quarter of this year. Certain industries surged ahead, whilst others, remained under pressured. «

For Country Heights Holdings Berhad ("CHHB") and its Group of Companies ("CHHB Group"), we realised that we have to stay relevant and competitive, the disruptive technologies, changing consumer preferences, and increasingly complex data management and information technology requirements, which are very important for businesses continue to challenge the traditional business models. But, those changes and challenges offer new opportunities for growth.

At the CHHB Group, we know that to meet those challenges while also taking the opportunities, the CHHB Group requires a passion for innovation that is ignited by a genuine desire to please our customers. Over the years, we have ingrained the 'market-driven, customer-centric' culture into how we operate as a Group. This approach has worked well for us since our early days as a property company challenging the incumbents. We brought many "firsts" to market under our various business segments to grow to the size we are today.

## Chairman's Message

» For 2018, being the year under review, the CHHB Group posted a net profit of RM84.33 million (compared to a net loss of RM2.35 million loss in year 2017) on the back of revenue of RM90.64 million compared to RM93.58 million the previous year. «



### Financial Review of CHHB

For 2018, being the year under review, the CHHB Group posted a net profit of RM84.33 million (compared to a net loss of RM2.35 million loss in year 2017) on the back of revenue of RM90.64 million compared to RM93.58 million the previous year.

As at 31 December 2018, total assets of the CHHB Group stood at RM1,392.24 million while the total equity attributable to shareholders stood at RM875.20 million, an increase of 10.30 % compared to previous year of RM793.45 million.

The CHHB Group's gearing (measured as a percentage of total net debts over total equity capitals) decreased from RM0.27 sen to RM0.24 sen.

### Prospects of CHHB

We remain confident about the CHHB Group's capability and capacity to grow, and will continue to monitor the property market's reaction. We will be adapting our products and prices to suit the market sentiment as we continue to remain positive by the prospects of our property development division in view of the prime location of our land banks.

With more than three decades of involvement in real estate, CHHB is one of the proud leading property leaders in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the CHHB Group's vision 'Ever Searching for Better Living'.

## Chairman's Message

We are confident that the CHHB Group is better positioned to serve the needs of customers going forward and is also committed to its long-term investment and development of the business. We will continue to keep our fundamentals healthy to cushion the turbulence.

In 2018, we have reorganised our business segments into below segments:

- MIECC: Car City Centre
- GHHS Healthcare: Grand Wellness Hub
- Hospitality Division: Resorts and Hospitality
- Cheng Ho Islamic Finance and Trade Centre
- Property Division

The CHHB Group also is focusing on the big data management, digital innovation, 'IoT – 'Internet of Things' digital economy, blockchain and cryptocurrency. This direction is made to remain competitive in broadening our engagement with clients, partners and customers, allowing us more insights into what they need and want.

I wish to express my deepest gratitude to all stakeholders for their support. We believe the CHHB 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 my 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.

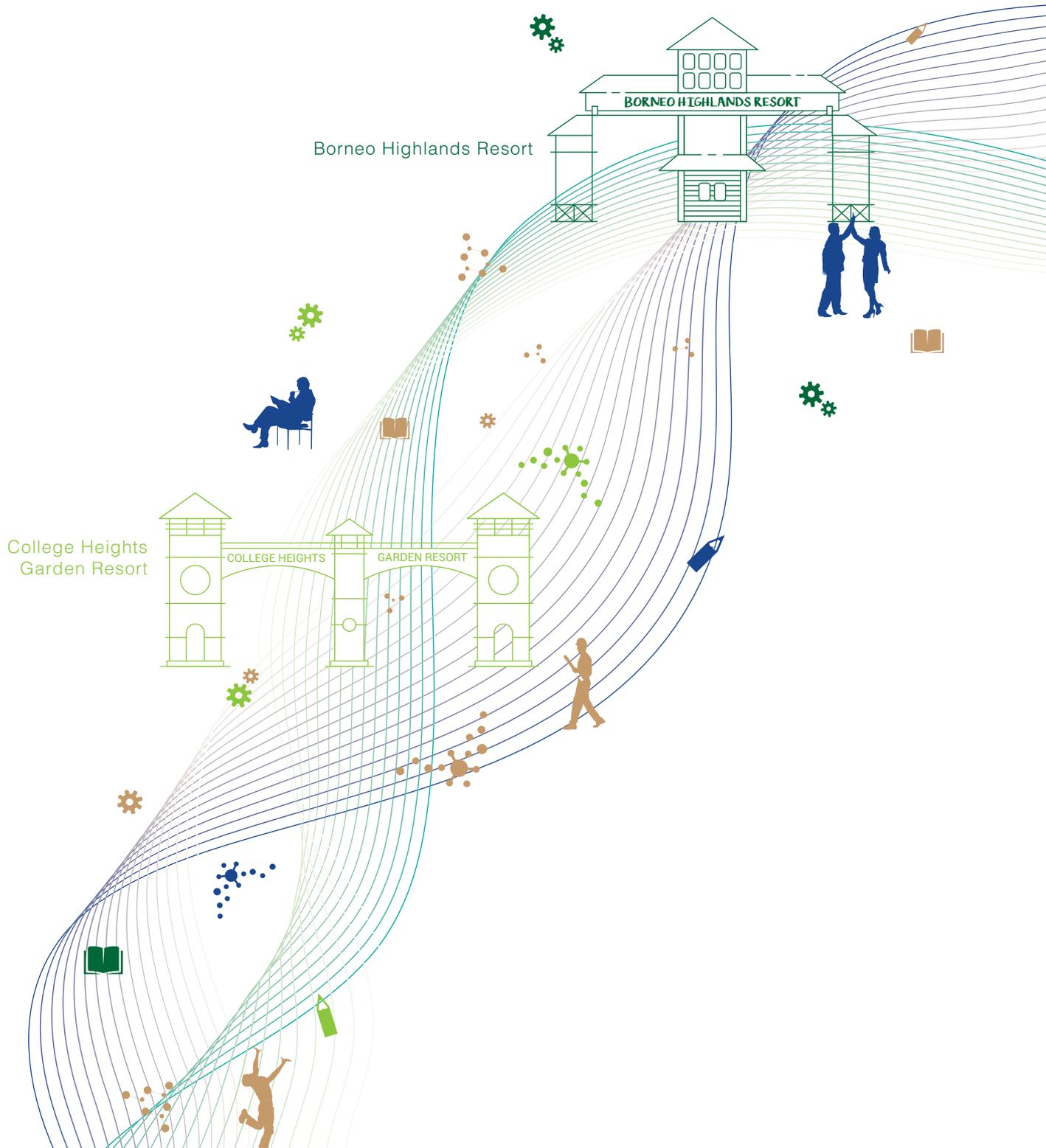
**Tan Sri Lee Kim Tiong @ Lee Kim Yew**  
Executive Chairman and Founder of CHHB



» The CHHB Group also is focusing on the big data management, digital innovation, 'IoT – 'Internet of Things' digital economy, blockchain and cryptocurrency. «

flourishing on a

# diversified foundation





Palace of the Golden Horses



We are a rapidly expanding company that is active across a broad spectrum of industries. Our businesses are categorised into - Grand Wellness Hub, Resorts and Hospitality, Mines Car City Centre, Cheng Ho Islamic Finance and Trade Centre, Property Division.

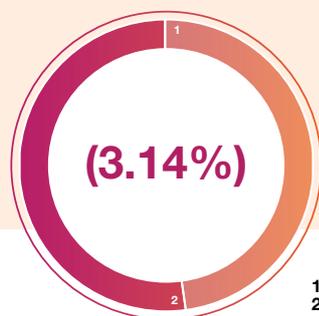
Our growth momentum stems from our commitment to optimise the synergy between our divisions. In addition, visionary management has spurred the sustained enhancement of stake holder value.

# management

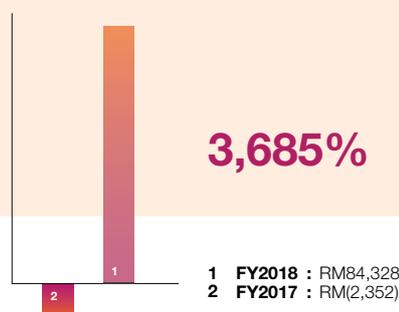
## discussion & analysis

### Financial Performance

**Revenue**  
(%)



**Net Profit/ (Loss)**  
(%)



#### GROUP BUSINESS AND OPERATIONS

Country Heights Holdings Berhad (“CHHB”) provides a diverse range of property development and investment properties with residential, industrial, hotel and resort management, commercial and recreation projects, healthcare, exhibitions and event planning; and timeshare. CHHB is one of the proud leading property leaders in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group’s vision ‘*Ever Searching for Better Living*’.

To remain competitive with the current economy and market demand, the current business division are realigned into these segments:

- Grand Wellness Hub
- Resorts and Hospitality
- Mines Car City Centre
- Cheng Ho Islamic Finance and Trade Centre
- Property Division

2018 also sees the CHHB Group moving into digital innovation, big data management and ‘IoT - ‘Internet of Things’ especially in the era of digital economy, cryptocurrency and blockchain. The direction is made to remain competitive in broadening the engagement with our clients, partners and customers, and also allowing us for more insights into what they need and want.

On cryptocurrency, the CHHB Group is taking prudent steps in issuing our own Asset-Backed Cryptocurrency (“ABC”) as this is a very new field in the Malaysia and with CHHB being the first public-listed company to come up with this initiative.

The CHHB Group had held an Extraordinary General Meeting on 8 November 2018 to provide an avenue in discussing with its shareholders on the Proposed Initial Coin Offering (“ICO”) for their support and endorsement to proceed with the appointments of reputable and the best technology partners and other external consultants to give back-end support to this exercise especially in its implementation.

#### FINANCIAL PERFORMANCE

The CHHB Group’s total revenue for the year 2018 dropped from RM93.58 million to RM90.64 million. It is mainly due to lower sales completed properties from the property division.

The CHHB Group recorded a profit before tax of RM104.94 million for the year 2018 as compared to RM0.41 million in the preceding year.

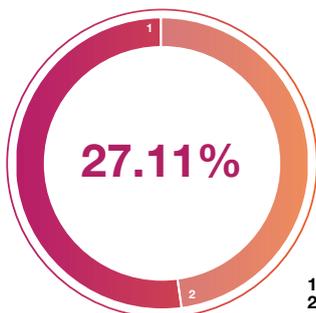
For the year 2018, Property Development Division, Property Investment Division, Hospitality and Health Division contributed RM19.64 million, RM17.46 million and RM53.54 million respectively to the CHHB Group’s total revenue.

## Management Discussion & Analysis

- » CHHB is one of the proud leading property leaders in Malaysia for continuously providing innovative ideas in delivering uniquely-designed projects in line with the Group’s vision ‘*Ever Searching for Better Living*’. «

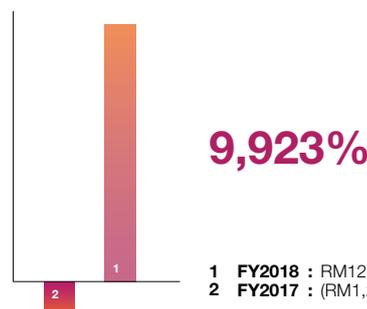
### Grand Wellness Hub Division – “Prevention is Better than Cure”

**Revenue**  
(%)



1 FY2018 : RM28,215  
 2 FY2017 : RM22,197

**Net profit/( loss)**  
(%)



9,923%

1 FY2018 : RM124,752  
 2 FY2017 : (RM1,270)

#### Grand Wellness Hub Division - “Prevention is Better than Cure”

The revenue contributed by the Grand Wellness Hub Division for the year 2018 was RM28.22 million as compared to RM22.20 million in 2017.

The Division recorded a segment profit of RM124.75 million in the year 2018 as compared to segment loss of RM1.27 million in the year 2017. The increased was mainly due to the fair value adjustment on the investment properties.

#### Grand Wellness Hub

This marquee initiative aspires to fortify the CHHB Group which was already established credentials in the healthcare industry by introducing Malaysia and South East Asia the first of its kind ‘Holistic Wellness & Healthcare’ themed Real Estate centred on the tenets of the total health continuum.

#### Wellness Themed Real Estates

The Grand Wellness Hub reflects both Country Heights Holdings Berhad and Malaysia’s vision of emerging as the preferred holistic wellness destination in the South East Asian region.

Mines Wellness City since its inception, has been tasked to drive strategic investments as part of promoting Malaysia as a wellness hub backed by a tax holiday incentive programme and presents an unmatched investment opportunity across the entire Wellness Continuum in the region.

## Management Discussion & Analysis



Our physically and programmatically integrated facilities provide cohesive care continuum within a single environment, all geared to meet the needs of its customers and community members, and integrate Health and Wellness into peoples' living communities and lives.

The real estate that incorporates intentional wellness elements and smart technology into its design, materials and building - and amenities and programming - is growing fast as more people want to bring more health into the places where they spend the majority of their time.

Our vision puts human health and well-being at the centre of our buildings, our products, and innovating solutions for the built habitat.

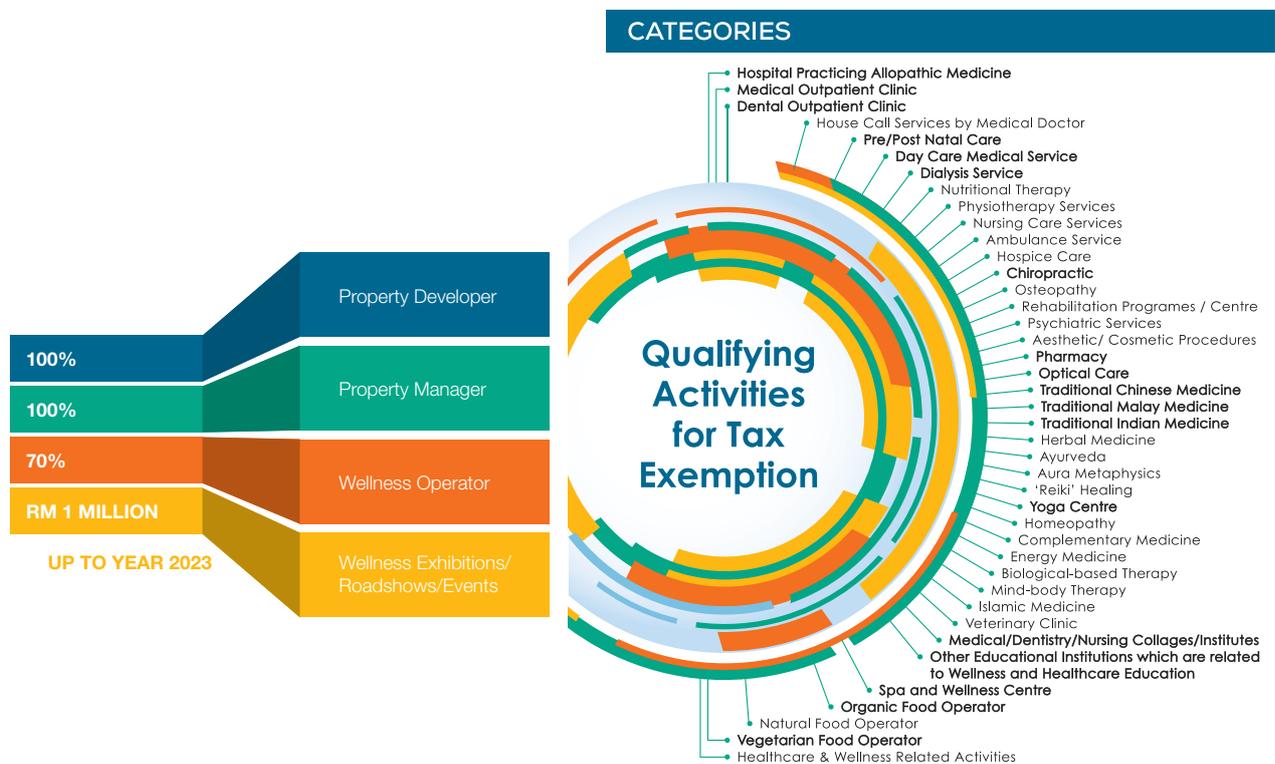
Grand Wellness Hub living will harness wellness technology designed to enhance health outcomes in the home and mitigate harmful indoor environmental concerns, creating spaces that help reduce stress, improve sleep quality, increase performance and enhance overall well-being.

Envisioned to be first of its kind, this integrated urban Healthcare and Wellness hub spreads across over 2 million sq. ft. with an estimated GDV of RM 1.5 million. The Grand Wellness Hub offers investment opportunities across 13 key categories involving Medical and Wellness operations.



Management Discussion & Analysis

Categories of Approved Qualifying Activities for Tax Exemption



The CHHB Group's very own brand GHHS Healthcare, currently offers holistic health screenings and diagnostic centre services, alongside traditional Chinese medicine as well as Wellness & Rejuvenation centre services.

As part of its strategic expansion, GHHS Healthcare collaborates with international specialists such as St. Stamford Medical Centre, European Wellness Centre, Wellness Institute & Guangzhou Modern Cancer Hospital to offer complementary treatments.

Besides offering world class treatments in Stem Cells, Aesthetics, Dentistry, Optometry, Physiotherapy and more, The Grand Wellness Hub promotes integrated urban living options via its very own uniquely themed wellness village and retirement homes. This makes it an ideal destination for both lifestyle enthusiasts seeking world class treatments and ones looking for effective rehabilitation services.

**WELLNESS TOURISM**

Secondarily, Grand Wellness Hub aims to increase wellness tourism numbers exponentially.

Malaysia is listed in the Top 10 wellness tourism markets in Asia Pacific with expenditures standing at US\$5.0 billion (RM20.5 billion), and 8.3 million trips.

Tourism Malaysia reports that there is a rapid growth of wellness tourism globally because of a rising middle class with increased spending power, a growing consumer desire to adopt a healthy lifestyle, and an increasing interest in experiential travel.

World travelers made 830 million wellness trips in 2017, 139 million more than in 2015 - and these trips represent 17% of total tourism expenditures.

Over the past five years, Asia is the #1 gainer in both wellness tourism trips and revenues (trips grew a whopping 33% in two years, to 258 million annually). 2 million travelers, mostly from India and China, are expected to travel to other parts of the world, including Malaysia, to seek for healthcare, medical treatments and wellness services by 2020.

The CHHB Groups' fully integrated Resorts & Hospitality, Healthcare and Wellness facilities, a world class Golf course, and a wide repertoire of Food and Entertainment facilities puts Grand Wellness Hub in good stead to capture this potentially large market.

Grand Wellness Hub aims to be a fore runner in this category with strategically curated wellness travel programmes, encompassing discovery connectivity, transformation and fulfillment to meet the needs of today's wellness travelers.

## Management Discussion & Analysis



» GHHS Healthcare is able to provide our 20,000 members with the best care and technology available. GHHS Healthcare has conducted over 14,000 screening packages medical tests in 2018. It has high members satisfying rate above 80%. «

### **GHHS Healthcare & Traditional Chinese Medical**

The centre known as GHHS Healthcare advocates “Prevention Is Better than Cure”, and the first in Malaysia’s Preventive Healthcare Concept that offers Western Medical Screening Technology and treatment with Traditional Chinese Medical of Wellness Therapy. GHHS Healthcare has been increasing its services and packages for international health tourists. With professional expertise and highly sophisticated diagnostic equipment, GHHS Healthcare is able to provide our 20,000 members with the best care and technology available. GHHS Healthcare has conducted over 14,000 screening packages medical tests in 2018. It has high members satisfying rate above 80%.

### **Milestones**

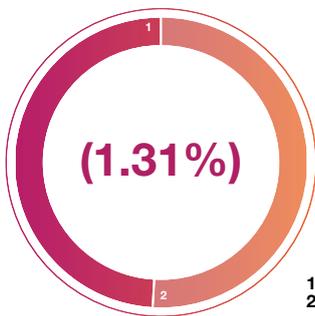
1. Received “Best Health and Wellness Tourism” award from Malaysia Tourism Council in Malaysia Tourism Council Gold Awards 2018.
2. For environmental friendly purposes, GHHS Healthcare is going paper-less with the launch of E-CARE as the latest development whereby the previous physical card is replaced by an e-membership card. GHHS Healthcare members can enjoy online booking and payment, view their account and entitlement statements, latest updates and benefits.
3. Collaboration with eye specialist and digital retinal imaging is introduced with a more complete eye imaging test for members.
4. GHHS Cardiologist Clinic has been established with heart check-ups and echocardiogram as the latest service.
5. Regular pap smear has been upgraded to liquid base cytology, a new technique of cervical cell collection with HPV Genetic Test for Cervical cancer.
6. Urea Breath Test has been added in GHHS Preventive Clinic as a new test to detect H-Pylori infection that can cause stomach cancer and ulcers.
7. GHHS Healthcare is in collaboration with St. Stamford Modern Cancer Hospital Guangzhou. Cancer patients will be sent to Modern Cancer Hospital Guangzhou in China for treatment. GHHS Healthcare’s Traditional Chinese Medicine (TCM) Centre will be providing Cancer rehabilitation management as the step down care for those who have done their treatment.
8. New services such as Pre/Post Natal Care and Paediatric Care are introduced in GHHS Chinese Medical Centre with new techniques from China.

## Management Discussion & Analysis

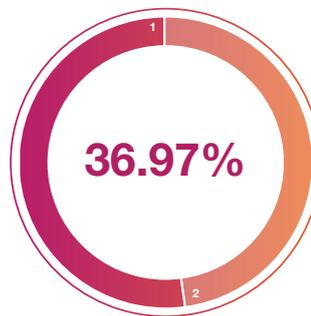
9. Liver Health Retreat programme is specially designed by GHHS Healthcare with the combination of Liver Pro Detox with the aim to help those having liver problems.
10. GHHS Chinese Medical Centre has introduced Womb Care and Face Lifting programme.
11. Joint Venture business with European Wellness Centre and a portfolio of revitalization therapies, interventions, anti-aging, aesthetics products and treatments are offered in GHHS Wellness Centre.
12. GHHS Healthcare offered a specially catered new detox and de-stress workshop for a complete cleanse of body, mind and soul that embodied with detox, slimming, anti-aging, yoga and Qi Gong sessions
13. Introduction of a full range of Rejuvenation and Malay Traditional Therapy such as signature Yunohana Antioxidant Slimming & Detox program, Tangas, Body Scrub and Mask, Herbal Body Compress Ball, and Massage in GHHS Wellness Centre.
14. Healthmune, a home brand product of GHHS Bio Herbs, helps to improve immune system with prebiotics and probiotics.
15. Herbal daily tea with special formulation from GHHS Chinese Medical Centre for lung detox and liver detox is introduced in GHHS Bio Herbs store.

### Resorts and Hospitality Division - “Wellness Hospitality”

**Revenue**  
(%)



**Net Loss**  
(%)



The Resorts and Hospitality Division contributed RM33.46 million of the total revenue in 2018 as compared to RM33.91 million in 2017.

Resorts and Hospitality Division comprised of four international award winning brands namely Palace of the Golden Horses, Philea Mines Beach Resort, Borneo Highlands Resort and Country Heights Resort and Leisure. Through this Division, the CHHB Group continues to offer the best in hospitality, fine and casual dining; leisure, recreational, health and wellness centres; confectionary and fitness.

#### Palace of the Golden Horses

Palace of the Golden Horses (“PGH”) offers 472 exquisite guestrooms and suites of which 20 are designed for themed suites such as Queen Elizabeth, Nelson Mandela, China President; heads of states, host of nation suite and a golden suite which is now named after the current Permaisuri Agong, **Her Royal Highness** Tunku Hajah Azizah **Aminah** Maimunah.

In hospitality industry, PGH has to be constantly rejuvenated to be in line with new trends and focus were given on continuation of refurbishment of the hotel rooms and function rooms (MICE). PGH completed the refurbishment of ballroom carpet; and installation of LEDs at the main ballrooms namely Royal Ballroom and at the main entrance were completed. The revenue of PGH is expected to be improved once the refurbishment completed in the year 2019.

In the year 2018, significant amount of branding and marketing campaign exercises have been launched and PGH had organised four Palace Carnivals to promote the latest products and services along with corporate celebration such as Nelson Mandela Celebration.

To attract more tourists from Middle East, India and China markets; PGH emphasises on collaborations and strategic partnerships with international event managements and agents to organise for more events such as wedding exhibitions, international awards and entrepreneurship awards.

## Management Discussion & Analysis



PGH is actively participating in international and local MICE and Tourist exhibitions to market the brand aggressively and working very closely with Tourism Malaysia in marketing and promoting the brand and participated in MAHA 2018, PATA Exhibition in Langkawi, MATTA Fairs in key states and international exhibition WTM in London.

In the year 2018, PGH received two new accolades namely Best Mice Award 2018 from Malaysia Tourism Council Award and World Excellence 5 Star Wellness Hotel at World Travel Market London 2018. The hotel continues to implement green policies and energy saving to reduce energy consumption significantly.

### **Borneo Highlands Resort**

Borneo Highlands Resort is one of the most unique and exclusive eco-friendly resort developments in the region. The 5,000 acres resort nestles majestically at 1,000 metres above sea level within the oldest and second-largest tropical rainforest in the world. The resort 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 strictly adheres to the environmental conservation guidelines.

In the year 2018, focus was given on the media activities to promote the resorts such Nang Rindok programme with RTM and organised a CSR programme – 40 blind persons walked up from the foot hill to the resort in September with RTM, and organizing programmes such Borneo Highlands Padawan Nature Challenge in the month of October 2019. In November, the resort received a visit by the Deputy Minister of Tourism Malaysia, YB Tuan Muhammad Bakhtiar Bin Wan Chik and YB Willie Mongin, Member of Parliament of Puncak Borneo.

### **Palace Vacation Club**

Palace Vacation Club ("PVC") recorded revenue of RM 8.07 million in 2018 as compared to RM 7.90 million in 2017. To strengthen this segment, generation of leads via participation in international and tourists events and exhibitions and appointment of marketing agents in Dubai and Saudi to market this segment and venturing into Middle East countries.

PVC 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 both at local and international destinations.

## Management Discussion & Analysis

### Milestones

- One of the leading timeshare companies in Malaysia with a choice of over 85 internal and affiliation resorts such as United Kingdom, USA, Australia, Spain, China, India, Indonesia, Thailand and Philippines.
- Through our affiliation with RCI, the world's largest resort exchange company, members can also access to 4,500 resorts in over 100 countries
- Membership sales has increased by 22% to RM10.5mil in year 2018
- Member Services team has successfully processed 13,469 reservations, with an increase of 33% from year 2017
- Palace Vacation Club won the following recognition awards from RCI on RCI Champion of the Year; Sales Deck of the year and Outstanding Service Award
- Moving forward for year 2019, Palace Vacation Club will look into redevelopment and enhancement of membership through new technology for better engagement with members and more effective marketing.

Benefits for members include:

- Exchange entitlement for medical health screening and Chinese medical treatment packages
- Use entitlement for hotel suites/rooms in Palace of the Golden Horses
- Enjoy 20% discounts at Plaza Premium Lounge in KLIA
- Special rate of RM30 to Sky Lounge in Subang Sultan Abdul Aziz Shah Airport
- Discounts of up to 50% on food and beverages outlets in Palace of the Golden Horses

PVC is targeting outstation market for upcoming year and in the pipeline of rolling out online reservation system for its members.

» The Mines International Exhibition and Conference Centre (“MIECC”) with an area of 2 million sqft is the key anchor property that will kick start the project. «



### MINES CAR CITY CENTRE

The Mines Car City Centre (“CCC”) was established to create an ecosystem that synergies with the automotive industry via existing facilities and assets.

The objectives of the CCC are:

- To develop the automotive lifestyle events and products in Malaysia and the surround region.
- To provide a holistic platform to accommodate for all things automotive.
- To make Malaysia the HUB for automotive research and development in South East Asia.
- To attract foreign and domestic investors within the automotive industry.

The Mines Car City Centre contributed RM2.23 million of loss in the year 2018 as compared to RM1.40 million profit in the year 2017.

The Mines International Exhibition and Conference Centre (“MIECC”) with an area of 2 million sqft is the key anchor property that will kick start the project. An additional 12 acres of land located in front of MIECC will serve as the expansion space for CCC, whereas another 2 million sqft of commercial and residential space will be developed under the same theme and directive.

CHHB and its partner, Goldenport China had announced that Malaysia will host its first Asia GT Festival from 15 -17 March 2019 at Sepang International Circuit (SIC). The first to be held outside of China, Asia GT Festival is a precursor to a five-year agreement between Country Heights and Goldenport China and it will be on SIC's motorsports calendar for the duration of the agreement.

## Management Discussion & Analysis

### Cheng Ho Islamic Finance and Trade Centre

The segment loss of RM0.07 million was recorded in the year 2018 compared to RM0.06 million in the preceding year.

The Cheng Ho Islamic Finance and Trade Centre project is inspired by the legendary Admiral Cheng Ho, a devout Chinese Muslim famed for his 7 expedition around the world during the 14th century. Malacca was Admiral Cheng Ho's regular port of call and trade from East to West via the Straits of Malacca, commonly known as the Silk Route renowned for silk trade, tea and China porcelain. This development is mooted based on the ideology of "One Belt One Road" concept where Malacca will be the focal point/ hub between the West and the East.

Cheng Ho Islamic Finance and Trade Centre will be nestled on a 62 acres of land in Malacca with the new highway and railway track running alongside it which will make this development highly desirable and strategic.

The objectives of Cheng Ho Islamic Finance and Trade Centre are:

- To become the world's first syariah compliant block chain of mix-development that connects the world to China's vast digital economy infusing Islamic e-Commerce, financial technology (fintech), tourism, commercial and residential complexes, waqaf investment programme and block chain infrastructure with beautiful artistic vantages.
- As a centre of technology in providing autonomous cars and public transportation, Artificial Intelligence (AI) residential, and robotic patrols and drone deliveries.

- To become the world's first block chain-powered Islamic digital economy gateway to China. The advantages of this one-stop centre community which ranges from visa applications, bill payments, halal certification, syariah attestation, license renewals, etc. aims to provide cost savings by cutting down on man-hours, labor cost and administrative paperwork.

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

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

### Property Division

Property Division contributed RM20.56 million of revenue in the year 2018 as compared to RM26.98 million in the year 2017. The segment loss of RM35.79 million was recorded for the current year as compared segment profit of RM1.33 million in the preceding year due to lower sale of completed inventory properties.

Property Division continues to deliver high standard of quality, modern, sustainability and the infusion of the environmental friendly elements at prime locations. The CHHB Group's properties such as LakeView Residency in Cyberjaya, is the first development in Malaysia to introduce 'negative ions' energy ceiling board. The energy ceiling board works as a natural ionizer and air purifier. This purification process improves air quality by helping to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards, the homeowners will enjoy fresh, clean and healthy environment.



## Management Discussion & Analysis



Mines Waterfront Office Suites 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. Selected units come with the view of the prestigious Mines Golf Course and the fascinating view of the Mines Lake. This development will be equipped with great facilities including a fitness centre, cafes and retail spaces for variety of wellness businesses. It was launched in the fourth quarter of 2014 and Mines Waterfront Office Suites is expected to be completed by early of 2019. Currently, Mines Waterfront Office Suites has reached 90% construction stage.

Amongst projects in pipeline:

1. College Heights Garden Resort: 28 units of 2-storey shop-office
2. College Valley Industrial Park: 60 units of 1 & ½ storey Industrial Terrace
3. Country Heights Damansara: Subdividing Bungalow Land
4. Country Heights Kajang: Kajang Commercial Centre
5. Mines Waterfront Suites: Block 6 & 7
6. Belleza Garden Homes Phase 3 at Jitra, Kedah
7. Venice North: Retail Shop and Serviced Hotel/Residences

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 Airport in Alor Setar, Belleza Garden Homes is surrounded by lush greenery surrounding that truly lives up to their name. With a guarded and gated community, this development represents the pioneer phase of the linear garden concept in the Northern region of Malaysia. It comprises of two and three-storey terraced, garden homes with extensive backyards gardens integrating with an idyllic open-concept environment. This development boasts generous built up areas starting from 2,000 sqft. Belleza Garden Homes Phase 2 had completed and handed over.

Belleza Garden Homes Phase 3 is the continuation of the successful story of Belleza Garden Homes Phase 1 and 2. This development was launched in 2016 and the completion is expected by 2019. Belleza Garden Homes Phase 3 is an exclusive freehold development in Kolej Height Utara in Jitra, Kedah consisting of 90 units of two-storey linked villas. It has a similar concept as Belleza Garden Homes Phase 1 and 2 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.

### Moving Forward:

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

The CHHB Group intends to transform itself and realign the business to focus on key ventures moving forward.

### Mines Car City Centre

- A 1.5 mil sq ft transformative project combining the real estate, exhibition and the automotive industry, MC3 is ASEAN'S pioneer automotive themed lifestyle center with a projected gross development value of RM1.2 billion to RM1.5 billion. The project will rejuvenate the MINES International Exhibition and Convention Centre into Asean's largest automotive expo centre showcasing the latest automotive technology and trends.
- The project also includes The Auto Collective (TAC) which will be Malaysia's Largest Indoor Bonded Warehouse and a co-working space called the Mines Workpool.

## Management Discussion & Analysis

### Grand Wellness Hub

- A convergence of three different projects including a wellness centre, shopping mall and serviced apartments in Mines Wellness City. With a total of 1 mil sq ft space and a gross development value of RM1.5 billion, this will change the face of medical and wellness tourism as well. The Grand Wellness Hub will also see a joint venture to develop Luxe Retirement Residences service apartments to provide 200 units of comfortable living spaces for retirees.
- With the GHHS Healthcare under the umbrella of the Grand Wellness Hub, new strategies are introduced focusing on the innovative product development on holistic treatments, wellness & rejuvenation.
- There are some joint ventures between GHHS Healthcare and Wellness Practitioners to enhance the varieties of treatments in the centre such as BodyReg (CO2) Treatment. Besides that, some new developments are added into the Chinese Medical Centre (TCM) such as Womb Care, Paediatric Care, Gynaecology, Fertility Treatment, Post Stroke, Chiropractic Care and Metabolic Syndrome. Furthermore, there are enhancements on the wellness spa which includes Face Lifting Package that combines both ancient Chinese medicine and the latest Western Technique with the introduction of Yunohana hot stone bed in Wellness Centre that specially import from Japan to provide natural, antioxidant, slimming and detox treatment. Introduction of Health United Plus with Points Value (PV) redemption is the latest flexible program that can be customized for members.
- As for Health Screening, introduction of the latest Genetic Screening packages, Food Intolerance, Allergy Screening, Bio-Identical Hormone Replacement Therapy (BHRT), Endoscopy Screening and Calcium Scoring CT will accelerate growth by strengthening the membership market and to venture to new markets such as corporate screening for local corporate sector and preventive healthcare tourism for foreign tourist.

### Resorts and Hospitality

- Targeted at high net worth individuals looking for a combination of resort lifestyle and luxury hospitality. This integrated project will have a proposed total GDV of RM3.7 billion and includes the Golf Villa (serviced apartments and SOHO located next to the Palace of the Golden Horses Hotel, Kuala Lumpur) as well as new developments in Port Dickson.
- With plans to refurbish the Palace of the Golden Horses, measures have been put in place to increase M.I.C.E marketing namely meetings, incentives, conferencing and exhibitions with more local corporate events and promotions. These include international marketing and branding exercises, service improvement programs, online marketing and strategic collaborations to help stimulate the business.

### Cheng Ho Islamic Finance and Trade Centre

- A total of 62 acres of land in Alor Gajah, Malacca to be transformed to an exhibition centre, a business hotel, retail outlets, business suites and warehouses. With strategic partnership with China's 'One Belt One Road' initiative, this future epicenter of Islamic trade and finance projects a gross development value of RM1.3 billion.
- Positioned as the world's 1st Shariah-attested blockchain development strategically poised to tap into the RM5.8 trillion Islamic economies by year 2022.

The CHHB Group will remain optimistic in its forecasts and progression. Despite adversities, the Group strives to do what we do best, *'Ever Searching for Better Living'* by coming up with unique solutions amidst challenges for the betterment of humanity and nature.



# What is Blockchain?

## A Guide For Beginners



Currently, online transfer is an example of the usage of blockchain technology that is closely related to the public.

	Traditional (bank)	Future
Method	Centralised	Decentralised
Advantages	High speed, efficient	1) Transparent (those who participate will be able to check and verify the transaction) 2) Immutability (cannot be modified)
Disadvantages	Centralised by banks, where they have the right to edit the database and to modify the information.	



### What is Blockchain?

Blockchain technology connects multiple computing nodes and data storage through an open network, using cryptography to perform and store time-stamped transactional data. It is the evolution in information security from peer-to-peer (P2P) network sharing software such as Napster and BitTorrent. Blockchain is the combination of multiple fundamental technologies such as distributed computing and cryptography. The main benefit of using Blockchain technology is the reduction of cost.

### The relationship between Blockchain technology and the public

### What is Decentralisation?

Currently, e-money is centralised, e.g. Touch 'n Go Card, Fave Pay, WeChat Pay. Cryptocurrency uses peer-to-peer (P2P) to perform transactions directly, which means it is without intermediaries or central authority responsible in maintaining the account books. Cryptocurrency adopts the distributed ledger technology and is different from the current structure in which the financial transactions must go through the process of intermediaries or central authority. Hence, it is called decentralisation.



The most important thing for Blockchain technology is the data that is stored in the blockchain of every node in the network. Unlike the traditional databases that store most of the data available on the internet, the open distributed ledger using blockchain database is different. Blockchain technology stores a lot of transactional data within a range of timestamp in a block, chained together with the previous block using encryption. The same block is then copied to all nodes in the network with consensus written in the blockchain protocol. In general, the data of all blocks cannot be altered, and that is the reason why the transaction can be trusted.

### Blockchain vs Database

Blockchain	Particulars	Database
Decentralised, formed by multiple distributed, decentralised nodes.	Centralised/Decentralised	Centralised, using traditional network framework, administered and responsibility of a central authority.
All nodes participate in the administration of information. Adding any information will require verification from all nodes. Safety/security level is high.	Safety/Security	Administered by a central authority, if problem arises such as attacks from external parties or issues with the (internal) administrator, information can be altered or even deleted.
Can be verified publicly, total transparency.	Transparency of information	Low, it is usually private.

### Business Opportunities and Potential of Blockchain

Global market research institution, International Data Corporation (IDC), estimates worldwide spending on Blockchain solutions will reach USD1.5 billion in 2018, which will be more than double the amount spent in 2017. By the year 2022, this will reach USD11.7 billion with a five-year compound annual growth rate (CAGR) of 73.2%.

Tech research firm Gartner estimates that the business value-add of Blockchain will exceed USD 176 billion before 2025 and it will grow rapidly to even exceed \$500 billion by 2030.



### What makes Blockchain suitable for storing data?

In blockchain, every transaction is stored in different blocks and the same chain of blocks are backed up by all nodes in the network. To perform and complete a transaction, verification by a majority of the nodes is required, unless the entire community alters the data in every block of the whole chain in the same manner. Otherwise, the transaction cannot be modified by a small group of nodes since the content does not match with the rest of the community. Hence, this technology is suitable to store transactional data.

### Difference between Blockchain technology and Traditional Database

### Main Applications of Blockchain Technology

#### What is Blockchain Wallet?

Everyone has anonymity in the world of cryptocurrency. Blockchain Wallet was introduced in August 2011, allowing an investor to manage their own cryptocurrencies. The wallet is not a token, but is the administrative tool with stringent account verification steps which include public key, private key, mnemonic phrases, keystore, password and so on. Public keys are for identification while private keys are for authentication and encryption.

#### 1. Health Care

The uploaded health information will be encrypted and distributed by Blockchain. This can provide medical institutions with specific information for health screening or provide insurers to plan related products.

#### 2. Financial Loan

A person can view relevant information anytime with the distributed ledger technology. Blockchain technology is widely used for payment, liquidation and settlement, trade finance, identity authentication and loans.

#### 3. Cultural & Creative Arts

Blockchain technology is used to register different intellectual property rights, such as protected online music or picture copyrights, or contents of a contract.

### Relationship between Cryptocurrency Mining and Blockchain

Bitcoin is produced by mining. After it is produced, it must be stored in a blockchain wallet. Transferring fiat money or national currency, RM (Ringgit Malaysia) is done via banks. However, transferring Bitcoin is done via blockchain wallet – an advanced P2P network technology with anti-counterfeiting properties to transact cryptocurrencies. The blockchain wallet will sign the transfer of Bitcoin using the private key that is stored in the wallet application and the intention to transfer the Bitcoin is broadcasted to the P2P network. The computing node acting as the miner will verify the transaction using the public key provided. Subsequently, a block is created and all other computing nodes in the network will verify and record the transaction, and link the block to the blockchain. Any alteration of the block will not be accepted by the community after that.



### Blockchain vs ATM Transfer

Method	Blockchain	ATM Transfer
Medium	Cryptocurrencies including Bitcoin and Ethereum.	Fiat money or national currencies e.g. RM.
Transfer Method	A 'block' of information is created, using P2P network linked to millions of computers to authenticate. Any alteration will be recorded.	Uses banks or ATM to transfer, with the transfer records stated in the account book.
Features	Decentralised. Anyone who alters a block will affect the entire chain of records.	Centralised. The process is handled exclusively by a central authority (bank).

# sustainability

statement

## OVERVIEW

Country Heights strives to gain a competitive edge and maintain sustainability to build a strong Human Resources Development foundation. Since 2012, Country Heights 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.

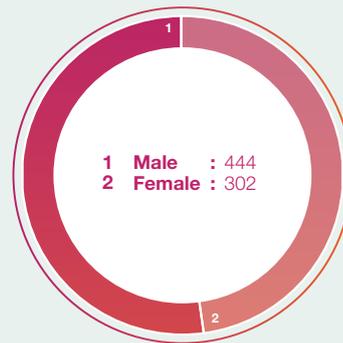
Each employee is recognised as a CHamps! and abides by the common values listed below as a guide in one's individual conduct in the working environment.

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)

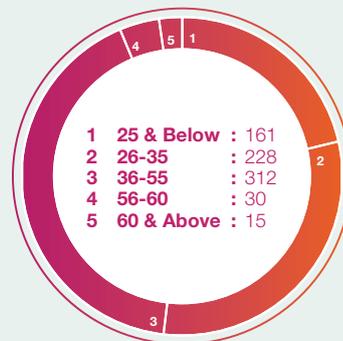
## Head Count by Gender

The management has policies that govern the hiring processes i.e. age verification is done to ensure that child labour is not employed within our premises. There is also no gender inequality in terms of remuneration package or rewards. Performing employees are duly promoted in line with the acquired skills.



## Head Count by Age Group

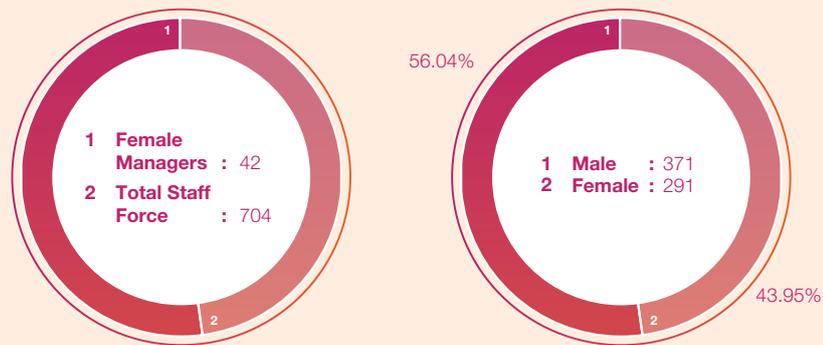
The management has policies that govern the hiring processes i.e. age verification is done to ensure that child labour is not employed within our premises.



## Sustainability Statement

### Female Strength in Managerial Position

We provide equal opportunities for women in career advancement as we do not discriminate genders and committed to empower women at the workplace in accordance to their valuable contributions



### 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.
- **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.
- **Medical Check-up**  
All confirmed Champs are entitled to in-house Traditional Chinese Medicine (TCM) Treatment at GHHS Healthcare. They can experience most premium TCM treatment at our in-house centre and we encourage our staff to in-house stay fit and healthy.

### 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
- **Marketplace Connection & CSR-related Initiative**  
Contribution to the larger community to encourage its employees to be socially responsible.

### Health and wellness programme for Staff

- **Qi Gong**  
We encourage staff to participate in Qi Gong exercise after work which will improve both physical and mental health in one gentle activity. Its relaxes and re-energises employees, without the pain or strain that can accompany other physically-demanding exercise session.

## Sustainability Statement

### EMPLOYEE DEVELOPMENT

Employee development is defined as a process where the employee with the support of his/her employer undergoes various training programs to enhance his/her skills and acquire new knowledge and skills.

Human Resource Division is dedicated to empowering our staffs to become a highly skilled, competitive workforce. In 2018, Human Resource Division offered a number of training programmes. It implemented and administered a variety of training initiatives and programs throughout the organization.

Group	Hospitality Division	Health Division
<ol style="list-style-type: none"> <li>1. Finance For Operational Management</li> <li>2. MAICSA Annual Conference 2018</li> <li>3. Corporate Tea Talk: Malaysian Business Reporting System (MBRS)</li> <li>4. Technical Briefing For Company Secretaries Of Listed Issuers 2018</li> <li>5. Introduction To Malaysian Business Reporting System (MBRS)</li> <li>6. Malaysian Business Reporting System (MBRS) For Preparers: Financial Statements</li> <li>7. ASEAN Disruptive Leadership Summit 2018</li> </ol>	<ol style="list-style-type: none"> <li>1. Management Development Program (MAH)</li> <li>2. Food &amp; Beverage Service</li> <li>3. Front Office (Upselling)</li> <li>4. Leading in Times of Change</li> <li>5. Complaint Handling</li> <li>6. Mandarin Classes</li> <li>7. Emotional Intelligent</li> <li>8. Customer Service</li> <li>9. Halal Fundamental &amp; Assurance</li> <li>10. Effective Communication</li> <li>11. Leadership Simulation</li> <li>12. Team Building (ACTIP)</li> <li>13. Collaborate to Negotiate in</li> <li>14. Effective Communication</li> <li>15. Self-Awareness in Leadership Skills</li> <li>16. Professional Etiquette &amp;</li> <li>17. Butler Training</li> <li>18. Food Safety Management</li> <li>19. Emergency Respond Team (Bomba)</li> <li>20. Grooming Standards</li> <li>21. Malaysian Greetings</li> <li>22. Code of Conduct</li> <li>23. Telephone Skills</li> <li>24. Service Standards</li> <li>25. Complaint Handling</li> <li>26. Customer Service</li> <li>27. Customer Service Culture</li> <li>28. Finance Workshop (Hotel 2U)</li> <li>29. Front Office - On Job Training</li> <li>30. Front office &amp; Housekeeping</li> </ol>	<ol style="list-style-type: none"> <li>1. FVF Tea Product Training</li> <li>2. "MFill Training of European Wellness Products"</li> <li>3. Golden Rules of Selling &amp; Upselling</li> <li>4. "Mammography CME 2018 - Achieving Quality Mammography"</li> <li>5. "Emerging Models of Healthcare Delivery"</li> <li>6. "Food Intolerance Consultation Training"</li> <li>7. "NLP Selling Success"</li> <li>8. Upselling &amp; Selling skills</li> <li>9. Breakthrough Technology - Non Invasive Thyroid Diagnosis</li> <li>10. Telemarketing Enhancement Programme</li> <li>11. Genetic Test Sales Training</li> <li>12. Operator Training Course</li> <li>13. Phlebotomy Workshop</li> <li>14. Automated Breast Ultrasound (ABUS)</li> <li>15. Balung Tea (Product Training)</li> <li>16. Basic Life Support</li> <li>17. Legalon</li> <li>18. Aesthetic Training</li> <li>19. 4th Renal Nutrition Seminar</li> <li>20. Grooming Class</li> <li>21. MSH 16th Annual Congress 2019</li> <li>22. Employment Act Industrial &amp; Disciplinary Inquiry</li> <li>23. Phlebotomy Workshop</li> <li>24. Leadership Skills Training</li> <li>25. Training Course on X-Ray for General Practitioner</li> <li>26. Heart Failure Nursing Forum</li> <li>27. CMP Training</li> <li>28. Genetic Test - Product Familiarisation &amp; Sales</li> <li>29. Eye Screening</li> <li>30. Membership Sales Pitch Training</li> <li>31. Plasma Ceramides</li> <li>32. Additional Health Screening</li> <li>33. Liver Pro</li> <li>34. Ceradan Product Training</li> <li>35. Breast Training Seminar</li> <li>36. National Infection Prevention &amp; Control Conference</li> </ol>

## Sustainability Statement

### Employee Extra Curriculum Engagement

» “CHHB always believe in creating balance between a successful business and placing high priority on social and environmental responsibility.” «



**CHAMPS CLUB** - We have formed an employee sports club which is fully funded by the employees. The club is a voluntary members club and the programmes are organised based on suggestions from the employees.

Objectives:

- To enhance good working relationships and build a strong sense of team spirit among employees, series of activities such as Treasure Hunt are able to inculcate strong team work and bonding amongst the staff. The club also organised, birthday celebrations and games to foster unity among the staff.
- To inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team spirit and synergy. Activities carried out such as:
  - a. Identifying staff birthday by month and prepared gift for each employee
  - b. Team Building programmes
  - c. Gathering over food (Makan Bersama-sama”) during festive season luncheons and many more:
    - Golden Horse Alumni
    - Chinese New Year Luncheon and Lion Dance Performance
    - Hari Raya Dinner Gathering
    - Deepavali Dinner Gathering
    - Year End Luncheon Gathering



### Team Work

Palace of the Golden Horses team has organised a ‘Gotong Royong’ activity to clean up their own premises. The purpose of the gotong royong is not only for cleanliness but it is about taking ownership and responsibility of your own working place.

Every year Borneo Highlands Resort team will participate in Padawan Water Rafting Competition as a measure to build up a good rapport with the local authorities, government agencies and private sectors. The fundamental of the competition is to enhance teamwork and to instil competitive mindset. The competition is also a good effort in promoting the branding of Borneo Highlands Resort.

### Annual Inter-component Bowling Competition

We believe bowling game often brings out a positive emotion such as happiness, excitement, curiosity, and camaraderie, which often translates into better productivity and effectiveness among our employees thus, CHAMPS Club without failure will organise at least one bowling tournament every year

## Sustainability Statement



### *Fishing Competition*

We always find good reasons and purposes to organise activities for our employee and we found out that fishing competition will benefit the staff in many ways. and our staff enjoyed the competition.

9 reasons why fishing is good in a group/as a team

- every fishing group has a mix of skills
- group fishing events help identify new team leaders.
- it fosters bonding and trust.
- it helps teams understand the value of goal-setting.
- fishing demands problem-solving.
- it develops a team culture.
- fishing increases individual respect.
- it inspires more productive workers.
- fishing creates pictures (photos) and memories.

### **Sustain Culture**

Every year Borneo Highlands Resort will celebrate Hari Gawai closing ceremony along with Staff Party, to appreciate the Mother Nature and its food as well as to usher another year of bountiful goodness. During our every festive gathering staff are encourage to be in traditional wear. Many activities have been lined up to celebrate this festival among staffs. The ultimate purpose of this celebration held at workplace is to respect each and another's belief and culture and to sustain the culture. Great cooperation among team has made event successful.

### **Safety Working Environment**

Occupational Health, Safety and Health committee had carried out the following during the year 2018 towards improving the safety awareness amongst employees.

- a. Safety awareness on induction of new recruit
- b. Provided safety gear such as cotton gloves, face mask, ear plugs and safety boots for workers protection.
- c. Meetings to discuss improving safety in operating/ handling equipment
- d. Emergency fire drills conducted twice a year.
- e. The number of minor incidents happening in 2017 compared to the year 2016 drop by 1 case.

## Sustainability Statement

### COMMUNITY CARE

#### BLOOD DONATION DRIVE – SAVE THE LIFE

Champs Club has organized an annual blood donation drive at Country Height's Head Quarters 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 to help 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 seems to only donate blood in cases where relatives or friends are hospitalized. This need to change if we are to have a consistent supply of blood at any blood center. Therefore, we educate and create awareness among our employees about blood donation and its vital role in other people life direct and indirectly. Most of our employee have become a regular blood donor. Besides that, it's also help to instil our employee's LOVE value towards humankind.

According to the World Health Organization (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.

Country Heights also has pledged to continue the blood donation drive every year and would love to save as many lives possible.

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

#### DONATION FOR RELIEF EFFORTS FOR THE VICTIMS OF THE INDOONESIAN EARTHQUAKE

The catastrophe in Central Sulawesi, Indonesia after being hit with the massive earthquake. In the effort to rebuild and to send aid to the survivors Country Heights has contributed cash donation to the victim through "Send Love to Indonesia Donation" campaign which led by Tzu Chi Foundation Malaysia.

#### Than Hsiang Old Folk Home, Pajam Nilai

Country Heights has contributed free Leasing of 2 storey shop lots to Than Hsiang Kalyana Mitra Centre in Pajam, Nilai for the past 15 years.

Than Hsiang Kalyana Mitra Centre, Pajam served as a centre of education and cultivation for all age group. With her mother home in Bayan Lepas, Penang established since 1985 the loving-kindness and great compassion Ven. Than Hsiang Kalyana Mitra Center is mainly providing educational services such as day care for pre-school, primary students and secondary students including tuition classes, weekly amitabha chanting at each center.



## Sustainability Statement



» Country Heights Holdings Berhad has launched its Auxiliary Police Unit, last year 2017 to enhance security in its townships and other developments. «

### AUXILIARY POLICE UNIT

Country Heights Holdings Berhad has launched its Auxiliary Police Unit, last year 2017 to enhance security in its townships and other developments. The introduction of the unit is part of our approach to reinforce the security at all current and future Country Heights townships, with the aim of creating a safer environment for the communities.

The first batch has been deployed at selected townships and developments especially in Selangor and Negeri Sembilan's townships and we plan to expand the unit with more trained personnel being deployed across all our townships in other states respectively in Kuching and Kedah.

The first batch underwent a two-month basic auxiliary police course at Pulapol.

We are continuously proactive, providing excellent infrastructure, facilities and amenities including security and safety features within all our townships, to ensure a conducive and sustainable living environment for everyone.

### RESPONSIBILITIES

- Patrol assigned areas within the mall and its surroundings
- Respond to routine and emergency calls, administering First Aid as required and assisting crime or accident victims
- Assist with the containment and preservation of crime scenes as directed, and assisting with the determination of the extent of personal injuries, identifying victims, witnesses and the extent of damage, documenting evidence
- Assist in the investigation of crimes and offences; assisting with the apprehension and arrest of suspects
- Conduct crowd and traffic control

### SUSTAIN ENVIROMENT

Country Heights has taken various project plans which have been implemented towards energy savings and sustaining "clean environment" along with our moto 'Ever Searching for Better Living'.

#### Negative ions' energy ceiling board, a natural ionizer and air purifier

LakeView Residency in Cyberjaya is our first project which has Negative ions' energy ceiling board and also its first development in Malaysia to introduce 'negative ions' energy ceiling board. The energy ceiling board works as a natural ionizer and air purifier. This purification process improves air quality by helping to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards, the homeowners will enjoy fresher, cleaner and healthier environment.

#### Solar Energy

Through Malaysia Renewable Energy Policy, which includes a measure for promoting the popularization of solar power, the government aims to cover 73% of its electricity by renewable energies by the year 2050. Along with that, we have carried out solar energy exercise at a smaller scale at our hotel and office premises.

#### Recycle - Useable items

Employees are encouraged to practice the 5 R's - Refuse, Reuse, Reduce, Repair and Recycle' in their daily activities both at home as well as at the working place. This practice is encouraged as it supports the segregation of garbage for recycling/ disposal. i.e , minimise paper usage, electric as well water. For example using lake water to water the plants and toilets.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Directors of Country Heights Holdings Berhad (“CHHB” or “the Company”) acknowledges the importance of practicing good corporate governance and is committed in maintaining high standards of corporate governance are practiced throughout the Company and its subsidiaries (“the CHHB Group”), with integrity, transparency and professionalism to protect and enhance stakeholders’ value and the financial position of the CHHB Group.

The Board of Directors of CHHB (“the Board”) fully supports the principles and recommendations set out in the Malaysian Code of Corporate Governance 2017 (“the Code”), which was released on 26 April 2017 and is pleased to present the Corporate Governance (“CG”) Overview Statement based on the following three (3) principles:-

- (i) Board leadership and effectiveness;
- (ii) Effective audit and risk management; and
- (iii) Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it is to be read together with the CG Report 2018 of the Company which is available on the Company’s website at [www.countryheights.com.my](http://www.countryheights.com.my)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### Responsibilities and Duties

The responsibilities of the Board of Directors of CHHB, amongst others, are to lead and establish the CHHB Group’s mission and vision and the provision of strategic directions for the long term success of the CHHB Group. CHHB’s Board comprises active and experienced Board members, 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.

The Board is responsible for setting the strategic directions of the CHHB Group and monitoring the implementation of those strategies by the Management, including:-

- oversight of the CHHB Group, including its control and accountability systems;
- appointing and removing the Group CEO;
- appointing and removing the Group CFO;
- 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.

## Corporate Governance Overview Statement

### **Executive Chairman and Group Chief Executive Officer**

The Founder of CHHB, Tan Sri Lee Kim Tiong @ Lee Kim Yew (“Tan Sri Lee”), is the Executive Chairman of the Company. As Executive Chairman, and given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry, Tan Sri Lee undertakes to personally and passionately spearhead the CHHB Group to better performance in the near future together with the three (3) 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.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management. The Executive Chairman also oversees the controls of the business through compliance and audit and the direction of the CHHB Group business.

The Company has appointed Dato’ Low Kok Thai as the Group Chief Executive Officer (“the Group CEO”) with effect from 15 March 2019. The Group CEO is responsible for the implementation of board policies approved by the Board and reports at Board Meetings all material matters that potentially affect the CHHB Group and its performance, including strategic projects and regulatory developments.

Dato’ Low Kok Thai has been specifically appointed to carry out the following:-

- To reorganise the human resources structure with staff of “good character plus”, while the CHHB Group will be venturing back with properties, products, etc. for the high-end market;
- To reorganise and restructure the existing bank loans of RM130 million which are over-collateralised by 7 times with high chargeable interest rate;
- To implement blockchain, cryptocurrencies and big data technologies for the CHHB Group;
- To ensure all the vacant properties of the CHHB Group are leased out with a targeted rate of 80%;
- To be in-charged and manage the 5 Strategic Business Divisions (“SBVs”) of the CHHB Group; and
- To look for good strategic partners for the 5SBVs.

The roles of the Executive Chairman of the Board and the Group CEO of the Company are exercised by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability.

### **Company Secretary**

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters, to ensure 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 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.

### **Supply of and Access to Information**

The Directors have full and unrestricted access to complete information on a timely basis pertaining to the CHHB 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 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.

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 on a timely basis before the next succeeding Board meeting. 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.

## Corporate Governance Overview Statement

### Board Charter

The Company has adopted a Board Charter which clearly defines the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) and Management in setting the direction, the management and the control of the Company as well as matters reserved for the Board.

The Board Charter has been uploaded on the Company's website at [www.countryheights.com.my](http://www.countryheights.com.my). The Board will review the Board Charter of the Company periodically and will update the Board Charter where appropriate, from time to time.

### 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 has been uploaded on the Company's website at [www.countryheights.com.my](http://www.countryheights.com.my).

### Whistleblowing Policy

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

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.

The Whistleblowing Policy has been uploaded on the Company's website at [www.countryheights.com.my](http://www.countryheights.com.my).

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

The Environmental & Sustainability Policy has been uploaded on the Company's website at [www.countryheights.com.my](http://www.countryheights.com.my).

### Board Composition

As at the end of the financial year 2018, the Board comprised of eight (8) members, being four (4) Non-Executive Directors and four (4) Executive Directors. Of the four (4) Non-Executive Directors, three (3) are Independent, thus fulfilling the requirement that at least one-third (1/3) of the Board comprises of Independent Directors. A brief profile of each Director (except the profile of Encik Nik Hassan Bin Nik Mohd Amin who has resigned on 12 April 2019) is presented on pages 8 to 14 of this Annual Report.

The Board is led by a team of experienced members from different professional backgrounds, all of whom provide the CHHB 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 CHHB Group.

## Corporate Governance Overview Statement

### Tenure of Independent Non-Executive Directors

The Board notes the Code's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years.

Mr Chew Chong Eu was appointed to the Board as Independent Non-Executive Director of the Company on 29 April 2008 and has, therefore served for more than 9 years. Notwithstanding his 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 Mr Chew Chong Eu has not been compromised or impaired based on the following justifications:

- He continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR;
- He has been with the Company for more than nine (9) years and therefore, understand the Company's business operations which enable him 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
- He has 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 Mr Chew Chong Eu should be retained as Independent Non-Executive Director and accordingly, recommends him to be retained as Independent Non-Executive Director. Ordinary resolution for the aforesaid purpose will be tabled at the forthcoming AGM for shareholders' approval.

### Board Diversity

The Board acknowledges the importance of boardroom diversity. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity in terms of gender, ethnicity, regional and industry experience, cultural and geographical background, age and perspective.

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 Board will consider more female representation when suitable candidates are identified.

The Gender Diversity Policy has been uploaded on the Company's website at [www.countryheights.com.my](http://www.countryheights.com.my).

As at 31 December 2018, the diversity of the Directors is as follows:-

Gender	Male	Female	Total
Number of Directors	6	2	8

Ethnicity	Malay	Chinese	Indian	Total
Number of Directors	1	7	0	8

Age Group (Years)	20 – 29	30 – 39	40 – 49	50 – 59	60 and above	Total
Number of Directors	1	1	0	4	2	8

## Corporate Governance Overview Statement

**Board Appointment**

All nominees to the Board are first considered by the Nomination & Remuneration Committee, based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender before they are recommended to the Board. The Nomination & Remuneration Committee may also consider the use of external consultants in the identification of potential directors.

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.

**Re-election/Re-appointment of Directors**

The Constitution (Articles of Association) of the Company requires 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 (3) 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.

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

**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 held seven (7) 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)	6/7
Lee Cheng Wen (Deputy Chairman, Non-Independent Non-Executive Director)	5/7
Chew Chong Eu (Independent Non-Executive Director)	7/7
Ong Tee Chin (Independent Non-Executive Director)	7/7
Lee Thai Young Matahari (Executive Director)	6/7
Lee Sow Lin (Executive Director)	6/7
Yip Chun Mun (Executive Director)	6/7
Nik Hassan Bin Nik Mohd Amin (Independent Non-Executive Director) Resigned on 12 April 2019	7/7
Har Soon Thim (Executive Director) Resigned on 22 October 2018	5/5

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.

## Corporate Governance Overview Statement

### Directors' Training

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, amongst others, as follows:-

Name of Directors	Training Programmes
Tan Sri Lee Kim Tiong @ Lee Kim Yew	<ul style="list-style-type: none"> <li>• Pitch@Palace Commonwealth Boot Camp</li> <li>• Pitch@Palace Commonwealth</li> <li>• 11th Commonwealth Business Forum</li> <li>• World Chinese Economic Summit Regional Roundtable</li> <li>• Muslim-Confucian Dialogue Forum</li> <li>• The International Confucianism Entrepreneurship Forum</li> <li>• World Chinese Economic Forum</li> <li>• World Peace Forum</li> <li>• ASEAN Disruptive Leadership Summit</li> </ul>
Lee Cheng Wen	<ul style="list-style-type: none"> <li>• Corporate Governance Briefing Session</li> <li>• ASEAN Disruptive Leadership Summit</li> </ul>
Chew Chong Eu	<ul style="list-style-type: none"> <li>• China's Belt &amp; Road Initiative: Impact on Malaysian Capital Market</li> <li>• Kampuchea Institute of Certified Public Accountants &amp; Auditors &amp; Grant Thornton (Cambodia) Limited</li> <li>• Auditing, Assurance &amp; Risk Management</li> </ul>
Ong Tee Chin	<ul style="list-style-type: none"> <li>• Non-Financials – Does It Matter?</li> <li>• Technical Analysis Series : How to Perform Successful Trades with Simple and Effective Technical Analysis</li> <li>• AMLA, Financial Services &amp; Prevention of Market Misconduct in Digital Economy</li> </ul>
Lee Thai Young Matahari	<ul style="list-style-type: none"> <li>• ASEAN Disruptive Leadership Summit</li> </ul>
Lee Sow Lin	<ul style="list-style-type: none"> <li>• M&amp;A Outlook in an Election Year</li> </ul>
Yip Chun Mun	<ul style="list-style-type: none"> <li>• ASEAN Disruptive Leadership Summit</li> </ul>

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.

### Board Committees

The Board has delegated specific responsibilities to two (2) board committees, being the Audit & Risk Management Committee and Nomination & Remuneration Committee. The delegation of certain responsibilities of the Board to its Committees 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.

## Corporate Governance Overview Statement

### **Audit & Risk Management Committee (“ARMC”)**

The report of the ARMC is set out on pages 53 to 57 of this Annual Report.

### **Nomination & Remuneration Committee (“NRC”)**

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

The terms of reference of the NRC is available on the Company’s website at [www.countryheights.com.my](http://www.countryheights.com.my).

#### *Membership*

- Chew Chong Eu (Chairman of NRC);
- Nik Hassan Bin Nik Mohd Amin - *resigned on 12 April 2019*;
- Ong Tee Chin; and
- Lee Cheng Wen.

#### *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.

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.

## Corporate Governance Overview Statement

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.

### *Meeting Attendance of the NRC*

The NRC met once during the financial year.

### *Main Activities of the NRC in 2018*

During the year, the NRC 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 2017.
- evaluated and assessed the performance and effectiveness of the Board of Directors and Board Committees for the year 2017.
- reviewed and recommended the re-election of Director due for retirement pursuant to Articles 102 and 106 of the Constitution (Articles of Association) of the Company, at the 34th Annual General Meeting.
- reviewed and recommended the retention of the Independent Directors who had served the Board for more than 9 years.
- reviewed the remuneration of the Directors for the year 2018 and subsequently recommended to the Board for approval.

The NRC noted that the Board and its Committees had met the board structure criteria, as to its size, independence, desired skills and qualities of the Board members, as required by the regulations and the results was tabled to the Board for notification.

### **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 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. Their remuneration is based on their Key Performance Indicators ("KPIs") which are appraised annually.

Disclosure of each Director's remuneration is set out under Practice 7.1 in the Corporate Governance Report.

The proposed Directors' fees for the financial year 2018 will be tabled at the forthcoming 35th AGM for shareholders' approval.

The remuneration of the Directors (including Encik Nik Hassan Bin Nik Mohd Amin and Mr Har Soon Thim prior to their resignations) for the financial year ended 31 December 2018 is as follows:

<b>Description</b>	<b>Executive Directors RM'000</b>	<b>Non-Executive Directors RM'000</b>	<b>Total RM'000</b>
Salaries & Other emoluments	1,010	49	1,059
Benefit-in-kinds	30	-	30
EPF Contribution	138	-	138
Fees	-	56	56
<b>Total</b>	<b>1,178</b>	<b>105</b>	<b>1,283</b>

## Corporate Governance Overview Statement

The number of Directors (including Encik Nik Hassan Bin Nik Mohd Amin and Mr Har Soon Thim prior to their resignations) whose total remuneration falls into the respective bands is as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM100,000	2	4
RM100,001 to RM200,000	1	-
RM200,001 to RM300,000	-	-
RM300,001 to RM400,000	-	-
RM400,001 to RM500,000	1	-
RM500,001 to RM600,000	1	-

### PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit & Risk Management Committee (“ARMC”)

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

The terms of reference of the ARMC is available on the Company’s website at [www.countryheights.com.my](http://www.countryheights.com.my).

#### Membership

- Ong Tee Chin (Chairman of ARMC);
- Nik Hassan Bin Nik Mohd Amin - *resigned on 12 April 2019*;
- Chew Chong Eu; and
- Lee Cheng Wen.

The composition of the ARMC is in compliance with Paragraphs 15.09 and 15.10 of the MMLR. None of the members of the ARMC were former key audit partners and notwithstanding that, in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the ARMC.

The Board regards the members of the ARMC to collectively possess the accounting and related financial and risk management expertise and experience required to discharge its responsibilities and assist the Board in its oversight over the financial reporting process. The ARMC assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that the CHHB Group’s financial statements comply with applicable financial reporting standards. The ARMC reviews and monitors the accuracy and integrity of the CHHB Group’s quarterly and annual financial statements and submits these statements to the Board for approval and release within the stipulated time frame.

The responsibilities of the ARMC are guided by its terms of reference, which is available at the Company’s website at [www.countryheights.com.my](http://www.countryheights.com.my).

#### Relationship with Auditors

The Board, by the establishment of the ARMC, maintains a formal and transparent relationship with the CHHB 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 CHHB 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. UHY, 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.

## Corporate Governance Overview Statement

### **Risk Management and Internal Controls**

The Board recognises and affirms its overall responsibility for the CHHB 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 CHHB 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 CHHB Group's assets are safeguarded.

The Statement on Risk Management and Internal Control as set out on pages 58 to 60 of this Annual Report provides an overview of the state of internal controls within the CHHB Group.

### **PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Communication with 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 CHHB Group. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.

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.

#### **Conduct of General Meetings**

The Annual Report is an important medium of information for the shareholders and investors whereas the Annual General Meeting ("AGM") provides a vital platform for both private and institutional shareholders to share their views and acquire information on issues relevant to the CHHB 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 in the month of April with more than the required twenty-eight (28) days' notice before the date of the AGM, which is usually held in June. This would enable the shareholders ample time 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 Company's website at [www.countryheights.com.my](http://www.countryheights.com.my) for the latest information on the CHHB Group.

At the AGM, the Chairman presents a comprehensive review of the CHHB Group's financial performance and value created for the shareholders as well as current developments of the CHHB 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 CHHB Group's business strategy, performance and major developments. All Directors of CHHB, including the Chairman of the ARMC and NRC, Senior Management and the External Auditors will attend the AGM to provide meaningful response to questions addressed.

#### **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.

## Corporate Governance Overview Statement

### 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 CHHB Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

### 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 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.

#### Related Party Transactions

Significant related party transactions of the CHHB Group are disclosed in the Financial Statements.

#### Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred by the CHHB Group for the financial year ended 31 December 2018 is disclosed in the Financial Statements.

#### Share Buy-Back

The existing authority for the Company to purchase up to 10% of its total number of issued shares capital 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 2018.

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 2018. 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 2018.

This Statement is made in accordance with the resolution of the Board of Directors duly passed on 12 April 2019.

## **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 Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by International Accounting Standards Board, the provision of the Companies Act, 2016, and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the financial statements provide 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 2018, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.

## 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.

### COMPOSITION

The Committee comprises four (4) members all of whom are Non-Executive Directors, with a majority of them being independent Directors. This meets the requirement of Paragraph 15.09(1)(2) of the Bursa Malaysia Listing Requirements (Listing Requirements).

The Committee consists of the following members:

Name of Director	Designation	Directorship
Ong Tee Chin	Chairman <i>(Re-designated as ARMC Chairman on 12 April 2019)</i>	Independent Non-Executive Director
Nik Hassan Bin Nik Mohd Amin	Chairman <i>(Resigned on 12 April 2019)</i>	Independent Non-Executive Director
Chew Chong Eu	Member	Independent Non-Executive Director
Lee Cheng Wen	Member	Non-Independent Non-Executive Director

### ATTENDANCE OF MEETING

The ARMC met five (5) times during the financial year ended 31 December 2018. The attendances of the ARMC members for the five (5) meetings are as follows:

Name	Attendance	%
Nik Hassan Bin Nik Mohd Amin	5/5	100%
Chew Chong Eu	5/5	100%
Lee Cheng Wen	4/5	80%
Ong Tee Chin	5/5	100%

The Executive Chairman, Executive Directors, Chief Financial Officer 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.

### 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.

## Audit & Risk Management Committee Report

### 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 the internal audit function;
- (i) approve any appointment or dismissal of the Head of the internal audit function;
- (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.
- (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;

## Audit & Risk Management Committee Report

- (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, the review and discussion were conducted with the Group Chief Financial Officer;
- 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 2018 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 management staff.

### External Audit

- a. The External Auditors' presented the Interim Report for the financial year ended 31 December 2017 at its meeting on 27 February 2018 with regard to the relevant disclosures in the annual audited financial statements. The ARMC also considered suggestions to improve the accounting procedures and internal control measures.
- b. On 19 April 2018, the External Auditor tabled the Final Report and the Audit Financial Statements for the year ended 31 December 2017.
- c. On 24 May 2018, the Group Finance tabled the proposal on the appointment of the new External Auditors Messrs. UHY of CHHB and its Group of companies in place of the retiring Auditors, Messrs. Kreston John & Gan.
- d. On 26 November 2018, the ARMC reviewed the External Auditors' Professional Services Planning Memorandum for the financial year ending 31 December 2018 outlining their scope of work and proposed fees of RM297,000 for the statutory audit and review of the Statement on Internal Control for 2018. The ARMC further resolved to recommend the proposed fees to the Board for approval.
- e. 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.

## Audit & Risk Management Committee Report

### 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. During the financial year under review the GIAD operated with the total manpower of 2 staff and both of them were also free from any relationship or conflicts of interest.

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.

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.

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.

The total cost incurred for the internal audit function of the Group for the financial year ended 31 December 2018 was RM188,800.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 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 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 / Executive Director 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 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**

For 2018 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.

## Statement On Risk Management And Internal Control

### 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.

The Board determines the Company's level of risk tolerance and actively identifies, 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 Audit 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 2018, 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 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 responsibilities of IAD include developing the annual audit plan execution and reporting the audit results for the Group. For such purposes, the IAD:

- Prepared a detailed Annual Audit Plan for submission to the ARMC for approval,
- Carried out activities to conduct the audits in accordance with the audit plan,
- Shared its findings with the auditee upon completion of each audit, and
- Submitted quarterly audit reports to the ARMC.

A summary of internal audit activities that were undertaken during the financial year ended 31 December 2018 is as follows:

- A review on the Sales and Purchase agreement signed and to ensure S&P are properly reported and accurately reflected in the books;
- A review on the progress billings, maintenance billings & billings are promptly billed and accurately reflected in the books;
- A review on the debtors and the collection status;
- Official Receipts issued for monies collected/received and that the Official Receipts are eventually matched with the monies banked-in;
- to ensure that all Official Receipts are sequentially pre-numbered and number tracked for completeness;
- Review on the tendering process and the selection of contractor & Consultant;
- To ensure that cash collected is banked-in in to the HDA account promptly;
- A review on the payment and to ensure that all payments were properly approved before the payment being made;
- To review on the sales and marketing activities;
- To ascertain the memberships sold are properly recorded, reported and accurately reflected in the financial statements;

## Statement On Risk Management And Internal Control

- To ascertain the yearly re-joining fees billed are properly recorded, reported and accurately reflected in the financial statements;
- To ensure that all income can be accounted for and action is taken on any outstanding income;
- Cash handling, including payments and compliance with authority limits;
- To determine that Company procedures and policies regarding revenue recording and reporting are carried out in accordance with current requirements;
- To ensure that controls and procedures in use are efficient, effective and economical.
- This update covers risk and governance of various areas with the aim to provide an independent and objective assurance to improve and add value to CHHB's Property division activities.

#### 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 grousers 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.

### 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 12 April 2019.

# financial

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**statements**

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

### Principal Activities

The principal activities of the Company are that of investment and property holding. The principal activities of the subsidiary companies are disclosed in Note 23 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### Financial Results

	<b>Group RM'000</b>	<b>Company RM'000</b>
Net profit/(loss) for the financial year	84,328	(8,418)
<b>Attributable to:</b>		
Owner of the Parent	86,653	(8,418)
Non-controlling interests	(2,325)	-
	84,328	(8,418)

### Reserves and Provisions

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

### Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

### Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

### Treasury Shares

As at 31 December 2018, the Company held 2,150,000 treasury shares out of the total 275,707,403 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,914,000. Further relevant details are disclosed in Note 17 to the financial statements.

### Warrants 2018/2023

On 21 December 2018, the Company issued 136,778,701 free Warrants pursuant to the bonus issue of Warrants undertaken by the Company on the basis of 1 free warrant for every 2 ordinary shares held in the Company.

The Warrants were constituted under the Deed Poll dated 3 December 2018 as disclosed in the Note 18(d) to the financial statements.

As at 31 December 2018, the total number of the Warrants that remain unexercised were 136,778,701.

### Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Directors' Report

### Directors

The Directors in office during the financial year until the date of this report are:

Tan Sri Lee Kim Tiong @ Lee Kim Yew*	
Lee Cheng Wen*	
Nik Hassan bin Nik Mohd Amin*	(Resigned on 12 April 2019)
Chew Chong Eu	
Lee Thai Young Matahari*	
Lee Sow Lin	
Har Soon Thim	(Resigned on 22 October 2018)
Yip Chun Mun	
Ong Tee Chin	

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Datuk Wan Abdul Kadir @ Wan Ali Bin Wan Yubi @ Tuanku Yubi	
Datuk Sudarsono Osman	
Zaidi bin Mahdi	
Datu Sajeli Bin Kipli	
Wong Sook Ping	
Ooi Ghee Kiong	
Dr Rozi Binti Mahmud	(Resigned on 9 April 2019)
Ng Cheng Sinn	
Kang Kian Keong (Alternate Director to Ng Cheng Sinn)	
Pamela Tay Chuan Mien	(Appointed on 9 April 2019)
Nik Hassan bin Nik Mohd Amin	

\* *Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

### Directors' Interests in Shares

The interests and deemed interests in the shares and Warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			As at 31.12.2018
	As at 1.1.2018	Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct interests</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	-	-	89,600,000
Lee Cheng Wen	14,978,831	-	(2,589,000)	12,389,831
Yip Chun Mun	11,000	-	-	11,000
Lee Sow Lin	10,000	-	-	10,000
<b>Indirect interests</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew #	85,686,641	15,521,790	(2,589,000)	98,619,431

## Directors' Report

	Number of Warrants			
	As at 1.1.2018	Warrants*	Sold	As at 31.12.2018
<b>Interest in the Company</b>				
<b>Direct interests</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	-	44,799,999	-	44,799,999
Lee Cheng Wen	-	6,994,915	-	6,994,915
Yip Chun Mun	-	5,500	-	5,500
Lee Sow Lin	-	5,000	-	5,000
<b>Indirect interests</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew #	-	50,109,739	-	50,109,739
<b>Number of ordinary shares</b>				
	As at 1.1.2018	Bought	Sold	As at 31.12.2018
<b>Shares in a subsidiary company Golden Horse Palace Berhad</b>				
<b>Direct interests</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	50,000,000	-	-	50,000,000
Yip Chun Mun	30,000	-	-	30,000

# deemed interest by virtue of shares held by his daughter and spouse and deemed interests under Section 8 of the Companies Act, 2016 by virtue of his shareholdings in Country Heights International Sdn. Bhd. and Country Heights Ventures Sdn. Bhd..

\* Receipt of Warrants on 21 December 2018 pursuant to the bonus issue of Warrants on the basis of 1 Warrant for every 2 existing ordinary shares held by the shareholders of the Company.

By virtue of his interests in the shares of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Notes 32(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the 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, other than Director who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 32 to the financial statements.

There were no arrangements 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Indemnity and Insurance Costs

During the financial year the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20,000,000 and RM33,992 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### Other Statutory Information

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

## Directors' Report

- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen and would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) 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
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;
  - (ii) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### **Subsidiary Companies**

The details of the subsidiary companies are disclosed in Note 23 to the financial statements.

### **Auditors' Remuneration**

The details of auditors' remuneration are set out in Note 27 to the financial statements.

### **Subsequent Event**

The details of subsequent event are disclosed in Note 37 to the financial statements.

### **Auditors**

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2019.

**TAN SRI LEE KIM TIONG @ LEE KIM YEW**

**LEE SOW LIN**

KUALA LUMPUR

**STATEMENT BY DIRECTORS**

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of Country Heights Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 72 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 April 2019.

**TAN SRI LEE KIM TIONG @ LEE KIM YEW**

**LEE SOW LIN**

KUALA LUMPUR

**STATUTORY DECLARATION**

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Jarrod Chua Kim Leong (NRIC: 730407-10-5117), being the Officer primarily responsible for the financial management of Country Heights Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 72 to 162 are 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.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory on 22 April 2019 )  
)

**JARROD CHUA KIM LEONG**

Before me,

**No. W710  
MOHAN A.S. MANIAM  
COMMISSIONER FOR OATHS**

## 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 as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 162.

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 at 31 December 2018, and of their financial performance and their cash flows for financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 Requirements

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 IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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 we addressed the key audit matters
<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 3(r)(a) to the financial statements.</p>	<p>Our audit procedures included as following:</p> <ul style="list-style-type: none"> <li>a) Evaluated property development revenue recognition in accordance with MFRS15 Revenue from Contracts with Customers;</li> <li>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;</li> <li>c) Checked actual development costs incurred to determine their appropriateness and that they have been recorded in the correct accounting period;</li> <li>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; and</li> <li>e) Evaluated the accounting treatment for the borrowing costs incurred on property development projects in accordance with the requirements of MFRS15 Revenue from Contracts with Customers.</li> </ul>

## Independent Auditors' Report To The Members of Country Heights Holdings Berhad

### Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<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.</p> <p>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 3(r)(i) to the financial statements.</p>	<p>Our audit procedures included as following:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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"> <li>i) payment of rejoining fees for continuation of the membership;</li> <li>ii) history of membership sales;</li> <li>iii) historical rate of default on the instalment payments by customers; and</li> <li>iv) the possibility of such transaction being terminated due to non-payment.</li> </ul> </li> <li>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"> <li>i) cost structure, including upfront and recurrent cost;</li> <li>ii) whether the annual rejoining fee and amortisation of deferred revenue are enough to cover the current cost incurred at reasonable margin; and</li> <li>iii) appropriateness of the discount rate used to present value the deferred revenue.</li> </ul> </li> </ul>
<p><u>Impairment of property, plant and equipment</u></p> <p>The Group assesses whether there are any indicators 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 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>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>We have assessed the competence, capabilities and objectivity of the valuers, and verified their qualifications, and challenged the variables and assumptions used by the valuers 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>

Independent Auditors' Report  
To The Members of Country Heights Holdings Berhad

**Key Audit Matters (Cont'd)**

Key Audit Matters	How we addressed the key audit matters
<p><u>Valuation of investment properties</u></p> <p>Valuation of investment properties is a key audit matter because significant judgement is required in determining the carrying amount of the investment properties. As at 31 December 2018, the carrying amount of investment properties is RM271,640,000.</p> <p>The valuation of the investment properties is inherently subjective due to, among other factors, the individual nature of each property, the location and the expected future income for that particular property.</p>	<p>Our audit procedures included as following:</p> <p>a) Evaluated the reasonableness of the methods and assumptions used by management to estimate the fair values and if management's methods and assumptions are reasonable;</p> <p>b) Evaluated the valuers' competencies, capabilities, and objectivity by checking the valuers' qualifications and their registration to the Board of Valuers' Appraisers and Estate Agents Malaysia website;</p> <p>c) Inquiry the valuers' scope of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.</p>
<p><u>Allowance for impairment losses</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 2(d) 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**

The Directors of the Company are responsible for the other information. The other information comprises the annual report, 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 Group and 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.

## Independent Auditors' Report To The Members of Country Heights Holdings Berhad

### **Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 has no realistic alternative but to do so.

### **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 the 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 skepticism 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.

## Independent Auditors' Report To The Members of Country Heights Holdings Berhad

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

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 Group and of the Company for the current financial 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.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 23 to the financial statements.

### **Other Matters**

- (i) As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018 have, in these circumstances, including obtaining sufficient appropriate audit evidence that the opening balance as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and financial performance and cash flows for the year then ended.
- (ii) The financial statements of the Group and of the Company for the financial year 31 December 2017 were audited by another firm of auditor who expressed an unmodified opinion on those statement on 24 April 2018.
- (iii) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **UHY**

Firm Number: AF 1411  
Chartered Accountants

### **TIO SHIN YOUNG**

Approved Number: 03355/02/2020 J  
Chartered Accountant

KUALA LUMPUR

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		← Group →		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	4	312,710	320,403	323,820
Investment properties	5	271,640	150,721	151,595
Prepaid land lease payments	6	295,826	301,212	303,988
Inventories	7(a)	201,672	213,785	194,189
Investment in an associated company	8	-	-	-
Other investments	9	2,734	2,734	2,734
Trade receivables	10	6,912	7,427	6,473
Deferred tax assets	11	26,166	6,090	4,947
		1,117,660	1,002,372	987,746
<b>Current Assets</b>				
Inventories	7(b)(c)	215,583	199,561	227,848
Trade receivables	10	17,766	30,092	16,018
Other receivables	12	25,422	21,863	26,551
Tax recoverable		4,039	4,053	3,904
Fixed deposits with licensed banks	13	2,225	2,650	2,834
Cash and bank balances	14	9,541	13,517	10,022
		274,576	271,736	287,177
Assets included in disposal group classified as held for sale	15	-	-	400
		274,576	271,736	287,577
<b>Total Assets</b>		1,392,236	1,274,108	1,275,323
<b>Equity</b>				
Share capital	16	352,006	352,006	275,707
Treasury shares	17	(2,914)	(2,914)	(2,914)
Reserves	18	507,273	423,814	504,188
		856,365	772,906	776,981
Equity attributable to owners of the parent		856,365	772,906	776,981
Non-controlling interests		18,832	20,542	20,114
<b>Total Equity</b>		875,197	793,448	797,095
<b>Non-Current Liabilities</b>				
Loans and borrowings	19	183,052	190,290	169,162
Contract liabilities	20	39,317	40,101	35,626
Other payables	21	1,736	-	3,399
Deferred tax liabilities	11	125,059	77,422	78,699
		349,164	307,813	286,886
<b>Current Liabilities</b>				
Contract liabilities	20	7,113	1,692	1,345
Trade payables	22	39,446	34,714	37,083
Other payables	21	77,752	87,871	78,702
Loans and borrowings	19	41,879	38,973	44,667
Tax payable		1,685	9,597	29,270
		167,875	172,847	191,067
Liabilities included in disposal group classified as held for sale	15	-	-	275
		167,875	172,847	191,342
<b>Total Liabilities</b>		517,039	480,660	478,228
<b>Total Equity and Liabilities</b>		1,392,236	1,274,108	1,275,323

Statements of Financial Position  
As At 31 December 2018

		← Company →		
	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	4	111	177	-
Investment in subsidiary companies	23	609,598	616,751	617,015
Other investments	9	718	718	718
		610,427	617,646	617,733
<b>Current Assets</b>				
Other receivables	12	4,691	473	1,611
Amount due from subsidiary companies	24	3,423	80,223	79,279
Tax recoverable		3,714	3,714	3,714
Cash and bank balances	14	610	17	24
		12,438	84,427	84,628
<b>Total Assets</b>		622,865	702,073	702,361
<b>Equity</b>				
Share capital	16	352,006	352,006	275,707
Treasury shares	17	(2,914)	(2,914)	(2,914)
Reserves	18	66,902	75,320	152,667
<b>Total Equity</b>		415,994	424,412	425,460
<b>Non-Current Liability</b>				
Loans and borrowings	19	107,294	111,137	82,023
<b>Current Liabilities</b>				
Other payables	21	12,621	12,315	15,042
Amount due to subsidiary companies	24	59,546	135,715	154,497
Loans and borrowings	19	27,410	18,494	25,339
		99,577	166,524	194,878
<b>Total Liabilities</b>		206,871	277,661	276,901
<b>Total Equity and Liabilities</b>		622,865	702,073	702,361

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	25	90,636	93,575	-	241
Cost of sales		(29,456)	(22,211)	-	(42)
<b>Gross profit</b>		61,180	71,364	-	199
Other income		126,005	10,337	220	736
Selling and marketing expenses		(7,348)	(6,299)	(148)	(5)
Administrative expenses		(27,302)	(17,893)	(572)	(350)
Net loss on impairment of financial instruments		(6,378)	(618)	-	-
Impairment loss on non financial asset		-	-	(7,305)	-
Other expenses		(32,141)	(46,377)	(552)	(1,651)
<b>Profit/(Loss) from operations</b>		114,016	10,514	(8,357)	(1,071)
Finance costs	26	(9,079)	(10,101)	(18)	23
<b>Profit/(Loss) before tax</b>	27	104,937	413	(8,375)	(1,048)
Taxation	28	(20,609)	(2,765)	(43)	-
<b>Profit/(Loss) for the financial year</b>		84,328	(2,352)	(8,418)	(1,048)
<b>Other comprehensive income</b>					
<b>Item that is or may be reclassified subsequently to profit or loss</b>					
Exchange translation differences for the foreign operations		1,395	2,379	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		85,723	27	(8,418)	(1,048)
<b>Profit/(Loss) for the financial year attributable to:</b>					
Owners of the parent		86,653	(2,624)	(8,418)	(1,048)
Non-controlling interests		(2,325)	272	-	-
		84,328	(2,352)	(8,418)	(1,048)
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>					
Owners of the parent		88,048	(245)	(8,418)	(1,048)
Non-controlling interests		(2,325)	272	-	-
		85,723	27	(8,418)	(1,048)
<b>Earning/(Loss) per share (sen)</b>					
Basic earnings per share	29(a)	31.68	(0.95)		
Diluted earning/(loss) per share	29(b)	31.68	(0.95)		

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

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Parent		Distributable			Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Warrant reserve RM'000	Other reserves RM'000	Retained earnings RM'000	
<b>Group</b>						
At 1 January 2018, as previously reported	352,006	(2,914)	-	130,689	293,125	20,542
Effect of adopting MFRS 9	-	-	-	(4,224)	(4,224)	-
At January 2018, as restated	352,006	(2,914)	-	130,689	288,901	20,542
Net profit for the financial year	-	-	-	-	86,653	(2,325)
Other comprehensive income	-	-	-	1,395	-	-
Total comprehensive income for the financial year	-	-	-	1,395	86,653	(2,325)
Transfer to retained profits	-	-	-	(1,663)	1,663	-
Transactions with owners:						
Issuance of Warrant	-	-	62,645	(62,645)	-	-
Changes in ownership interest in a subsidiary company	-	-	-	-	(365)	615
Total transactions with owners of the Company:	-	-	62,645	(62,645)	(365)	615
At 31 December 2018	352,006	(2,914)	62,645	67,776	376,852	18,832
					856,365	875,197



## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Cash Flows From Operating Activities</b>				
Profit/(Loss) before tax	104,937	413	(8,375)	(1,048)
Adjustments for:				
Amortisation of debt issuance costs	80	159	-	-
Amortisation of deferred income	(1,180)	(1,164)	-	-
Amortisation of prepaid land lease payments	1,853	4,030	-	-
Bad debts recovered	(528)	(379)	-	-
Bad debts written off	633	375	74	94
Depreciation of property, plant and equipment	9,463	9,038	66	22
Dividend income	(150)	-	-	-
Fair value gain on investment properties	(117,063)	-	-	-
Fair value adjustment on trade receivables	83	(159)	-	-
Interest expenses	9,079	10,101	18	(23)
Interest income	(145)	(475)	-	(31)
(Gain)/Loss on disposal on:				
- Investment in subsidiary companies	-	(137)	-	7,621
- Property, plant and equipment	(5)	-	-	-
Property, plant and equipment written off	16	543	-	-
Reversal of impairment loss on				
- trade receivables	(3,186)	(400)	-	-
- other receivables	-	-	(68)	-
- investment in subsidiary companies	-	-	(152)	(7,507)
- amount due from subsidiary companies	-	-	(19)	-
Unrealised loss/(gain) on foreign exchange	42	(62)	-	-
Impairment loss on:				
- Trade receivables	4,517	-	-	-
- Other receivables	1,861	618	-	-
- Investment in subsidiary companies	-	-	7,305	-
<b>Operating profit/(loss) before working capital changes</b>	<b>10,307</b>	<b>22,501</b>	<b>(1,151)</b>	<b>(872)</b>
Changes in working capital:				
Inventories	(3,853)	2,394	-	-
Receivables	6,146	(10,108)	(4,224)	99
Deferred income	5,817	4,439	-	-
Contract liabilities	(39)	-	-	-
Payables	(6,125)	7,282	154	(2,649)
<b>Cash generated from/(used in) operations</b>	<b>12,253</b>	<b>26,508</b>	<b>(5,221)</b>	<b>(3,422)</b>
Interest paid	(9,079)	(9,942)	(18)	(9)
Tax paid	(1,295)	(23,927)	(43)	-
Tax refund	339	65	-	-
<b>Net cash from/(used in) operating activities</b>	<b>2,218</b>	<b>(7,296)</b>	<b>(5,282)</b>	<b>(3,431)</b>
<b>Cash Flows From Investing Activities</b>				
Dividend received	150	-	-	-
Interest received	145	475	-	31
Proceeds from disposal of property, plant and equipment	5	7	-	-
Proceeds from disposal of subsidiary company	-	44	-	105
Purchase of property, plant and equipment	(2,856)	(5,024)	-	(199)
Purchase of prepaid land lease payments	(3)	(240)	-	-
Proceed from partial disposal of stakes in a subsidiary company	250	-	-	-
Advance from subsidiary companies	-	-	76,971	-
<b>Net cash (used in)/from investing activities</b>	<b>(2,309)</b>	<b>(4,738)</b>	<b>76,971</b>	<b>(63)</b>

## Statements of Cash Flows

For The Financial Year Ended 31 December 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Cash Flows From Financing Activities</b>				
Drawdown of term loans	25,000	36,003	25,000	22,519
Decrease in bank overdrafts	(8,753)	(1,295)	(8,584)	(250)
Repayment to subsidiary companies	-	-	(76,169)	(18,782)
Repayment of finance lease liabilities	(278)	(329)	-	-
Repayment of revolving credits	-	(800)	-	-
Repayment of term loans	(20,301)	(18,145)	(11,343)	-
Net cash (used in)/from financing activities	(4,332)	15,434	(71,096)	3,487
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,423)	3,400	593	(7)
<b>Cash and cash equivalents at the beginning of the financial year</b>	16,167	12,856	17	24
Effect of exchange translation differences on cash and cash equivalents	22	(89)	-	-
<b>Cash and cash equivalents at the end of the financial year</b>	11,766	16,167	610	17
<b>Cash and cash equivalents at the end of the financial year comprise:</b>				
Fixed deposits with licensed banks	2,225	2,650	-	-
Cash and bank balances	9,541	13,517	610	17
	11,766	16,167	610	17

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 1. Corporate Information

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

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

The principal activities of the Company are that of investment and property holding. The principal activities of its subsidiary companies are disclosed in Note 23. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

### 2. Basis of Preparation

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

In previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). These are the Company's first statements prepared in accordance with MFRSs and MFRS 1 *First Time Adoption of Malaysia Financial Reporting Standards* has been applied.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRS statement of financial position at 1 January 2017 (the Group's date of transition to MFRS).

The transition to MFRS does not have financial impact to the financial statements of the Group and of the Company.

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 9	<i>Financial Instruments</i> (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and measurement of Shared-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs	Amendments to MFRS 1
2014 - 2016 Cycle	Amendments to MFRS 128

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for:

#### (i) MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

## Notes To The Financial Statements

### 31 December 2018

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

#### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (Cont'd)

##### (a) Classification of financial assets and liabilities

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

Unquoted equity instruments previously carried at cost less impairment loss that classified as available-for-sale financial assets are classified and measured as equity instruments designated at FVTOCI beginning 1 January 2018. The Group elected to classify irrevocably its unquoted equity instruments under this category at the date of initial application as it intends to hold these investments for the foreseeable future.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and to the Company.

##### (b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

##### (c) Effect of changes in classification and measurement of financial assets on 1 January 2018

	As at 1.1.2018 RM'000	Re- measurement RM'000	Reclassification to MFRS 9	
			AC RM'000	FVOCI RM'000
<b>Group</b>				
<b>Financial assets</b>				
<u>Loan and receivables</u>				
Trade and other receivables	57,366	(4,224)	53,142	-
Fixed deposits	2,650	-	2,650	-
Cash and bank balances	13,517	-	13,517	-
	73,533	(4,224)	69,309	-
<u>Available-for-sale</u>				
Other investments				
- Unquoted shares	2,000	-	-	2,000

##### (d) Effect on impairment allowances on 1 January 2018

	Group RM'000
<b>Impairment of financial assets</b>	
Balances under MFRS 139 as at 31 December 2017	24,895
Impairment loss on receivables	4,224
Balances under MFRS 9 as at 1 January 2018	29,119

## Notes To The Financial Statements 31 December 2018

### 2. Basis of Preparation (Cont'd)

- (a) Statement of compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

- (ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Accordingly, the comparative information was not restated and the cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The comparative information continued to be reported under the previous accounting policies governed under MFRS 118.

In applying the modified retrospective method, the Group and the Company applied the following practical expedients:

- (a) for completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (b) for completed contracts that have variable consideration, transaction price at the date of the contract was completed was used rather than estimating variable consideration amounts in the comparative reporting periods; and
- (c) for all reporting periods presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligation and an explanation of when the entity expects to recognise that amount as revenue is not disclosed.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

Impact arising from the adoption of MFRS 9 on the Group's financial statements:

	<b>As at 31.12.2017 RM'000</b>	<b>MFRS 9 adjustment RM'000</b>	<b>As at 1.1.2018 RM'000</b>
<b>Group</b>			
Trade receivables	30,092	(4,224)	25,868
Retained earnings	293,125	(4,224)	288,901

## Notes To The Financial Statements

### 31 December 2018

#### 2. Basis of Preparation (Cont'd)

##### (a) Statement of compliance (Cont'd)

##### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by MASB but are not yet effective for the Group and for the Company:

	Effective dates for financial periods beginning on or after	
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

##### MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes noncancelable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard in the financial statements of the Group and of the Company are currently being assessed by management.

##### (b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

## Notes To The Financial Statements 31 December 2018

### 2. Basis of Preparation (Cont'd)

(c) Functional and presentation currency (Cont'd)

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand ("RM'000") except when otherwise stated.

(d) Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgements

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:

Operating lease commitments - Group as lessor

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

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 Investment Property 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 rentals 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 significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

## Notes To The Financial Statements

31 December 2018

### 2. Basis of Preparation (Cont'd)

- (d) Significant accounting judgments, estimates and assumptions (Cont'd)

#### **Judgements (Cont'd)**

##### Control over Mines Global Holidays Sdn. Bhd. ("MGH")

Note 23 describes that MGH is subsidiary company of the Group even though the Group owns less than 51% of the ownership interest in this entity and less than 51% of their voting power. The Group control MGH by virtue of the Group controlling the composition of the Board of Directors of MGH.

##### 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 facts 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.

#### **Key sources of estimation uncertainty**

The key assumptions 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 reporting period are set out below:

##### Useful lives of property, plant and equipment

The Group and the Company regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

##### Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018 for investment properties. The valuation methodology based on sales comparison approach was used. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the investment properties are provided in Note 5.

## Notes To The Financial Statements 31 December 2018

### 2. Basis of Preparation (Cont'd)

- (d) Significant accounting judgments, estimates and assumptions (Cont'd)

#### **Key sources of estimation uncertainty (Cont'd)**

##### Impairment of investments in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgment is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 23.

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management 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. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 11.

##### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7.

##### Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values. Discounts are not considered as they are not only given in rare circumstances.

##### Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgements are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Note 7.

## Notes To The Financial Statements

31 December 2018

### 2. Basis of Preparation (Cont'd)

- (d) Significant accounting judgments, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Impairment of receivables

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 10, 12 and 24 respectively.

##### Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 33.

##### Income taxes

Judgement 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 and the Company recognise 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. As at 31 December 2018, the Group has tax recoverable of RM4,039,000 (31.12.2017: RM4,053,000; 1.1.2017: RM3,904,000) and tax payable of RM1,685,000 (31.12.2017: RM9,597,000; 1.1.2017: RM29,270,000) respectively. The Company has tax recoverable of RM3,714,000 (31.12.2017: RM3,714,000; 1.1.2017: RM3,714,000).

### 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements.

- (a) Basis of consolidation

- (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(m) to the financial statements on impairment of non-financial assets.

##### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

##### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

##### (b) Investments in an associated company

An associated company 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.

On acquisition of an investment in an associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associated company is equity accounted for from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associated company are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Investment in associated company is accounted for in the consolidated financial statements using the equity method based on the latest audited financial statements and supplemented by management financial statements of the associated company made up to the Group's financial year end.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associated company. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 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 is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associated company, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associated company is stated at cost less accumulated impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

##### (c) Foreign currency translation

###### (i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These 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 Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (c) Foreign currency translation (Cont'd)

##### (i) Foreign currency transactions and balances (Cont'd)

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

##### (ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2017 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Hotel properties, exhibition centre and showroom consists 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.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (d) Property, plant and equipment (Cont'd)

##### (i) Recognition and measurement (Cont'd)

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land and freehold golf courses included in golf clubs and courses and boat clubs have unlimited useful lives and therefore not depreciated. Depreciation of hotel properties, exhibition centre and showroom is provided over the leasehold period of the land of 77 years. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	<b>Rate</b>
Freehold buildings	2%
Leasehold buildings other than hotel properties, exhibition centre and showroom	2% - 10%
Golf clubhouse	
- Freehold	2% - 10%
- 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%
Motor vehicles	10% - 20%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### (e) Prepaid land 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 land lease payments and are stated at cost less amount amortised. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease terms ranging from 72 to 176 years (31.12.2017: 73 to 177 years; 1.1.2017: 74 to 178 years).

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

##### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

#### As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (g) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

##### (g) Investment properties (Cont'd)

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

##### (h) Financial assets

###### ***Policy applicable from 1 January 2018***

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and amount due from subsidiary companies.

##### (i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### (ii) Fair value through other comprehensive income

###### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value adjustment reserve in equity. For equity instruments, the gains or losses are never reclassified to profit or loss.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (Cont'd)

##### ***Policy applicable from 1 January 2018 (Cont'd)***

##### (iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

##### ***Policy applicable before 1 January 2018***

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.

##### 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 hedging instrument.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

##### (h) Financial assets (Cont'd)

###### **Policy applicable before 1 January 2018 (Cont'd)**

##### (i) Financial assets at FVTPL (Cont'd)

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 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.

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.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (h) Financial assets (Cont'd)

##### ***Policy applicable before 1 January 2018 (Cont'd)***

#### (v) 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 transfer nor retained 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 recognise 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.

#### (i) Financial liabilities

##### ***Policy applicable from 1 January 2018***

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

##### ***Policy applicable before 1 January 2018***

Financial liabilities are initially measured at fair value, net of transactions 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.

#### (i) 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

### 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (i) Financial liabilities (Cont'd)

##### **Policy applicable before 1 January 2018 (Cont'd)**

#### (i) Financial liabilities at FVTPL (Cont'd)

A financial liability other than a financial liability held for trading may be designated as at FRTPL 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.

#### (ii) 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.

#### (iii) 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.

#### (j) Financial guarantee contracts

##### **Policy applicable from 1 January 2018**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

(k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value.

(i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value can not be determined reliably, these inventories will be stated at the lower of cost or fair value costs to see. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Properties development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(iii) Completed properties held for sale

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(iv) Other inventories

Cost of inventories comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis.

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.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

(m) 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.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, investment property measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

**Policy applicable from 1 January 2018**

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

#### ***Policy applicable from 1 January 2018 (Cont'd)***

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### ***Policy applicable before 1 January 2018***

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.

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.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

(o) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. 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 and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method (or cost-to-cost method) to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sales of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services. contract liability would be recognised as revenue when the related services is rendered.

(c) 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

(d) 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.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(e) Subscription fees

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

(f) 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.

(g) Deferred income

The portion of the membership fees from timeshare membership sales, which is deferred and recorded as deferred income, is recognised over the membership period.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(v) Revenue from rental of promotion space

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

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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.

## Notes To The Financial Statements 31 December 2018

### 3. Significant Accounting Policies (Cont'd)

#### (t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

## Notes To The Financial Statements

### 31 December 2018

#### 3. Significant Accounting Policies (Cont'd)

(w) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. 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.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

#### 4. Property, Plant and Equipment

	Note	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>Net carrying amount</b>				
<b>Group</b>				
Hotel properties, exhibition centre and showroom	(a)	247,819	251,217	254,617
Other property, plant and equipment	(b)	64,891	69,186	69,203
		312,710	320,403	323,820
<b>Company</b>				
Other property, plant and equipment	(b)	111	177	-

(a) Hotel properties, exhibition centre and showroom

Group 31.12.2018	Hotel properties RM'000	Exhibition centre and showroom RM'000	Total RM'000
<b>Cost</b>			
At 1 January/31 December	243,135	134,840	377,975
<b>Accumulated depreciation</b>			
At 1 January	30,821	10,230	41,051
Charge for the financial year	2,547	851	3,398
At 31 December	33,368	11,081	44,449
<b>Accumulated impairment losses</b>			
At 1 January/31 December	24,162	61,545	85,707
<b>Net carrying amount</b>	185,605	62,214	247,819

Notes To The Financial Statements  
31 December 2018

4. Property, Plant and Equipment (Cont'd)

(a) Hotel properties, exhibition centre and showroom (Cont'd)

<b>Group</b>	<b>Hotel</b>	<b>Exhibition</b>	<b>Total</b>
<b>31.12.2017</b>	<b>properties</b>	<b>centre and</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>showroom</b>	<b>RM'000</b>
		<b>RM'000</b>	
<b>Cost</b>			
At 1 January/31 December	243,135	134,840	377,975
<b>Accumulated depreciation</b>			
At 1 January	28,275	9,376	37,651
Charge for the year	2,546	854	3,400
At 31 December	30,821	10,230	41,051
<b>Accumulated impairment losses</b>			
At 1 January/31 December	24,162	61,545	85,707
<b>Net carrying amount</b>	188,152	63,065	251,217
<b>1.1.2017</b>			
<b>At Cost</b>			
At 1 January/31 December	243,135	134,840	377,975
<b>Accumulated depreciation</b>			
At 1 January	25,729	8,523	34,252
Charge for the year	2,546	853	3,399
At 31 December	28,275	9,376	37,651
<b>Accumulated impairment losses</b>			
At 1 January/31 December	24,162	61,545	85,707
<b>Net carrying amount</b>	190,698	63,919	254,617

The hotel properties, exhibition centre and showroom with an aggregate net carrying amount of RM247,819,000 (31.12.2017: RM251,217,000; 1.1.2017: RM254,617,000) were pledged as security for borrowings as disclosed in Note 19.

Notes To The Financial Statements  
31 December 2018

4. Property, Plant and Equipment (Cont'd)

(b) Other property, plant and equipment

Group 31.12.2018	Freehold land and buildings RM'000	Leasehold buildings RM'000	Golf clubs, courses and boats clubs RM'000	Office furniture and fittings, office equipment and renovation RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>							
At 1 January	2,134	15,499	51,776	113,353	76,691	6,046	265,499
Additions	303	80	-	2,473	-	-	2,856
Disposals	-	-	-	-	-	(66)	(66)
Transfer to investment properties	-	(1,312)	-	-	-	-	(1,312)
Written off	-	-	-	(16)	(323)	-	(339)
Foreign currency translation differences	-	-	(874)	-	-	-	(874)
At 31 December	2,437	14,267	50,902	115,810	76,368	5,980	265,764
<b>Accumulated depreciation</b>							
At 1 January	274	4,834	12,299	98,816	74,244	5,846	196,313
Charge for the financial year	46	663	506	3,816	956	78	6,065
Disposal	-	-	-	-	-	(66)	(66)
Transfer to investment properties	-	(992)	-	-	-	-	(992)
Written off	-	-	-	-	(323)	-	(323)
Foreign currency translation differences	-	-	(124)	-	-	-	(124)
At 31 December	320	4,505	12,681	102,632	74,877	5,858	200,873
<b>Net carrying amount</b>	2,117	9,762	38,221	13,178	1,491	122	64,891

Notes To The Financial Statements  
31 December 2018

4. Property, Plant and Equipment (Cont'd)

(b) Other property, plant and equipment (Cont'd)

Group	Freehold land and buildings	Leasehold buildings	Golf clubs, courses and boats clubs	Office furniture and fittings, office equipment and renovation	Plant, machinery and equipment	Motor vehicles	Total
31.12.2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>							
At 1 January	2,134	11,865	51,860	112,477	76,343	6,046	260,725
Additions	-	2,760	8	1,908	348	-	5,024
Transfer to investment properties	-	874	-	-	-	-	874
Disposals	-	-	(447)	(487)	-	-	(934)
Written off	-	-	-	(545)	-	-	(545)
Foreign currency translation differences	-	-	355	-	-	-	355
At 31 December	2,134	15,499	51,776	113,353	76,691	6,046	265,499
<b>Accumulated depreciation</b>							
At 1 January	232	4,278	12,296	95,595	73,493	5,628	191,522
Charge for the financial year	42	556	386	3,685	751	218	5,638
Disposals	-	-	(465)	(462)	-	-	(927)
Written off	-	-	-	(2)	-	-	(2)
Foreign currency translation differences	-	-	82	-	-	-	82
At 31 December	274	4,834	12,299	98,816	74,244	5,846	196,313
<b>Net carrying amount</b>	1,860	10,665	39,477	14,537	2,447	200	69,186

Notes To The Financial Statements  
31 December 2018

4. Property, Plant and Equipment (Cont'd)

(b) Other property, plant and equipment (Cont'd)

Group 1.1.2017	Freehold land and buildings RM'000	Leasehold buildings RM'000	Golf clubs, courses and boats clubs RM'000	Office furniture and fittings, office equipment and renovation RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 January	2,134	11,865	50,492	114,965	77,290	6,633	263,379
Additions	-	-	11	1,342	930	-	2,283
Disposals	-	-	-	(325)	(1,795)	(816)	(2,936)
Transfer to asset held for sale	-	-	-	(1,945)	-	(81)	(2,026)
Written off	-	-	-	(1,614)	(82)	310	(1,386)
Foreign currency translation differences	-	-	1,357	54	-	-	1,411
At 31 December	2,134	11,865	51,860	112,477	76,343	6,046	260,725
<b>Accumulated depreciation</b>							
At 1 January	191	3,863	11,512	94,859	74,431	5,905	190,761
Charge for the financial year	41	415	508	3,837	987	299	6,087
Disposals	-	-	-	(89)	(1,795)	(720)	(2,604)
Transfer to asset held for sale	-	-	-	(1,695)	-	(81)	(1,776)
Written off	-	-	55	(1,369)	(130)	225	(1,219)
Foreign currency translation differences	-	-	221	52	-	-	273
At 31 December	232	4,278	12,296	95,595	73,493	5,628	191,522
<b>Net carrying amount</b>	1,902	7,587	39,564	16,882	2,850	418	69,203

Notes To The Financial Statements  
31 December 2018

**4. Property, Plant and Equipment (Cont'd)**

<b>Company</b>	<b>Office furniture and fittings RM'000</b>
<b>31.12.2018</b>	
<b>Cost</b>	
At 1 January	199
Additions	-
<hr/>	
At 31 December	199
<hr/>	
<b>Accumulated depreciation</b>	
At 1 January	22
Charge for the financial year	66
<hr/>	
At 31 December	88
<hr/>	
<b>Net carrying amount</b>	<b>111</b>
<hr/>	
<b>31.12.2017</b>	
<b>Cost</b>	
At 1 January	-
Additions	199
<hr/>	
At 31 December	199
<hr/>	
<b>Accumulated depreciation</b>	
At 1 January	-
Charge for the year	22
<hr/>	
At 31 December	22
<hr/>	
<b>Net carrying amount</b>	<b>177</b>

(a) Certain subsidiary companies are in the process of obtaining the strata titles for certain apartments units included in freehold buildings from the respective developers. The net carrying amounts of those apartment units amounting to RM1,773,000 (31.12.2017: RM1,774,000; 1.1.2017: RM1,815,000).

(b) Assets pledged as securities to financial institutions

The net carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings granted to the Group as disclosed in Note 19, details as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Hotel properties, exhibition centre and showroom	247,819	251,217	254,617
Other properties, plant and equipment	10,489	16,778	3,495
<hr/>			
	258,308	267,995	258,112

(c) Asset held under finance lease

At 31 December 2018, the net carrying amount of other property, plant and equipment of the Group held under finance lease arrangements was RM133,000 (31.12.2017: RM411,000; 1.1.2017: RM739,000).

Leased assets are pledged as security for the related finance lease liabilities.

## Notes To The Financial Statements

### 31 December 2018

#### 5. Investment Properties

	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>At fair value</b>			
At 1 January	150,721	151,595	151,595
Transfer from/(to) property, plant and equipment (Note 4)	320	(874)	-
Transfer from prepaid land leases payment (Note 6)	3,536	-	-
Changes in fair value recognised in profit or loss	117,063	-	-
<b>At 31 December</b>	<b>271,640</b>	<b>150,721</b>	<b>151,595</b>

Included in the above are:

<b>At fair value</b>			
Freehold land	25,440	29,730	29,730
Leasehold land	130,205	74,135	74,135
Buildings	115,995	46,856	47,730
	<b>271,640</b>	<b>150,721</b>	<b>151,595</b>

(a) Investment properties under leases

Investment properties comprise a number of freehold land, leasehold land and buildings that are leased to third parties. Each of the leases contains a cancellable period ranging from 1 to 3 years. No contingent rents are charged.

During the financial year, a property has been transferred from property, plant and equipment to investment properties, since the building was no longer used by the Group and would be leased to a third party.

(b) Fair value of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM271,640,000 (31.12.2017: RM150,721,000; 1.1.2017: RM151,595,000). The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 and level 3 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties:

	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>			
<b>31.12.2018</b>			
Investment properties	271,640	-	271,640
<b>31.12.2017</b>			
Investment properties	150,721	-	150,721
<b>1.1.2017</b>			
Investment properties	-	151,595	151,595

The increase in the fair values of RM117,063,000 (31.12.2017: Nil; 1.1.2017: Nil) has been recognised in the profit or loss during the financial year.

Notes To The Financial Statements  
31 December 2018

**5. Investment Properties (Cont'd)**

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental income	10,514	7,711	6,771

(d) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM180,478,000 (31.12.2017: RM57,652,000; 1.1.2017: RM56,778,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 19.

**6. Prepaid Land Lease Payments**

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Long term leasehold land</b>			
<b>Cost</b>			
At 1 January	313,496	312,242	312,242
Additions	3	240	-
Transfer to investment properties (Note 5)	(3,536)	-	-
Transfer from inventories (Note 7(b))	-	1,014	-
At 31 December	309,963	313,496	312,242
<b>Accumulated amortisation</b>			
At 1 January	12,284	8,254	4,123
Amortisation for the financial year	1,853	4,030	4,131
At 31 December	14,137	12,284	8,254
<b>Net carrying amount</b>	<b>295,826</b>	<b>301,212</b>	<b>303,988</b>
Amount to be amortised:			
Not later than one year	1,673	1,677	1,707
Later than one year and not later than five years	8,365	8,384	8,535
Later than five years	285,788	291,151	293,746
	<b>295,826</b>	<b>301,212</b>	<b>303,988</b>

The long term leasehold land have unexpired lease period that are within the range from 71 to 175 years (31.12.2017 :72 to 176 years; 1.1.2017: 73 to 177 years).

Leasehold land with an aggregate carrying amount of RM120,602,000 (31.12.2017: RM122,254,000, 1.1.2017: RM127,485,000) are pledged as securities for bank borrowings.

Notes To The Financial Statements  
31 December 2018

**7. Inventories**

(a) Land held for property development

	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Total RM'000</b>
<b>Group Cost</b>			
<b>31.12.2018</b>			
At 1 January	114,103	99,682	213,785
Additions	170	-	170
Transfer to other inventories	-	(7,322)	(7,322)
Transfer to property development costs (Note 7(b))	(4,961)	-	(4,961)
At 31 December	109,312	92,360	201,672
<b>31.12.2017</b>			
At 1 January	107,216	86,973	194,189
Additions	410	5,344	5,754
Transfer from property development costs (Note 7(b))	6,477	7,365	13,842
At 31 December	114,103	99,682	213,785
<b>1.1.2017</b>			
At 1 January	91,583	86,973	178,556
Additions	989	-	989
Transfer from property development costs (Note 7(b))	14,644	-	14,644
At 31 December	107,216	86,973	194,189

Included in land held for property development are certain parcel of land with an aggregate carrying amount of RM15,600,000 (31.12.2017: RM15,312,000; 1.1.2017: RM15,312,000) for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

The land held for property development of the Group with carrying amount of RM42,313,000 (31.12.2017: RM42,302,000, 1.1.2017: RM42,302,000) is pledged as security for bank borrowings granted to the Group as disclosed in Note 19.

(b) Property development cost

	<b>31.12.2018 RM'000</b>	<b>31.12.2017 RM'000</b>	<b>1.1.2017 RM'000</b>
<b>Group Cumulative property development costs</b>			
At 1 January			
Land costs	130,037	130,037	130,037
Development expenditure	489,705	481,996	466,858
	619,742	612,033	596,895
Cost incurred during the year			
Development expenditure	-	7,709	15,138
At 31 December			
Land costs	130,037	130,037	130,037
Development expenditure	489,705	489,705	481,996
	619,742	619,742	612,033

Notes To The Financial Statements  
31 December 2018

**7. Inventories (Cont'd)**

(b) Property development cost (Cont'd)

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Less: Cumulative costs recognised in profit or loss</b>			
At 1 January	(454,287)	(454,063)	(453,615)
Recognised during the financial year	(27,119)	(224)	(5,589)
Reversal of development project due to termination the sales of a project	-	-	5,141
At 31 December	(481,406)	(454,287)	(454,063)
Transfer from/(to)			
Land held for property development (Note 7(a))	4,961	(13,842)	(14,644)
Prepaid land lease payments (Note 6)	-	(1,014)	-
Other inventories	(11,199)	(23,274)	(4,254)
	(6,238)	(38,130)	(18,898)
<b>Carrying amount</b>			
At 31 December	132,098	127,325	139,072

(c) Other inventories

	<b>31.12.2018</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>31.12.2017</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>At Cost</b>			
Building materials	-	1,186	-
Completed property units held for sale	51,850	39,055	52,260
Consumable materials	686	757	4,615
	52,536	40,998	56,875
At net realisable value	30,949	31,238	31,901
	83,485	72,236	88,776
Regonised in profit or loss:			
Inventories recognised as cost of sales			
Inventories written down	-	-	683

Other inventories of the Group at carrying amount of RM37,197,000 (31.12.2017: RM1,498,000; 1.1.2017: RM8,353,000) are charged to a licensed bank as security for bank borrowings granted to the Group as disclosed in Note 19.

## Notes To The Financial Statements

### 31 December 2018

#### 8. Investment in an Associated Company

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At cost			
Unquoted shares in Malaysia	247	247	247
Share of post-acquisition reserve	-	-	-
	247	247	247
Less: Accumulated impairment losses	(247)	(247)	(247)
	-	-	-

Details of the associated company is as follows:

Name of company	Place of business/ Country of incorporation	Effective ownership interest			Principal activities
		31.12.2018	31.12.2017	1.1.2017	
		%	%	%	
Simplex Design Sdn. Bhd. **	Malaysia	47.5	47.5	47.5	Interior designing, renovation construction and other related services

\* Associated company not audited by UHY

# Simplex Design Sdn. Bhd. has a financial year end at 30 June. For the purpose of applying the equity method of accounting, audited financial statements of Simplex Design Sdn. Bhd. for the year ended 30 June 2018 have been used and appropriate adjustments have been made for the effects of the significant transaction between 1 July 2018 and 31 December 2018.

- (i) On 29 November 2018, Mines International Exhibition Centre Sdn. Bhd. subscribed a new associated company, Mines Auto Capital Sdn. Bhd. at equity interest of 40% for the cash consideration of RM2.
- (ii) On 15 January 2019, Mines International Exhibition Centre Sdn. Bhd. subscribed a new associated company, Asia GT Festival Sdn. Bhd. at equity interest of 50% for the cash consideration of RM50.

Summarised financial information of the Group's associated company, Simplex Design Sdn. Bhd., is set out below:

(a) Summarised statement of financial position:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
As at 31 December			
Non-current assets	25	45	75
Current assets	1,296	1,325	1,378
Current liabilities	(1,647)	(1,024)	(2,403)
Net (liabilities)/assets	(326)	346	(950)
Interest in associate	47.5%	47.5%	47.5%
Group's share of net (liabilities)/assets	(155)	164	(451)
Unrecognised share of profit/(loss)	155	(164)	451
Carrying value of Group's interest in associates	-	-	-

Notes To The Financial Statements  
31 December 2018

**8. Investment in an Associated Company (Cont'd)**

(b) Summarised statements of profit or loss and other comprehensive income

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year	(829)	372	(212)

**9. Other Investment**

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
<b>Financial assets measured at fair value through other comprehensive income</b>			
Unquoted shares in Malaysia			
At 1 January/31 December	2,000	2,000	2,000
<b>Membership, at cost</b>			
At 1 January/31 December	734	734	734
<b>Carrying amount</b>			
At 31 December	2,734	2,734	2,734
<b>Company</b>			
<b>Membership, at cost</b>			
At 1 January/31 December	718	718	718
<b>Carrying amount</b>			
At 31 December	718	718	718

**10. Trade Receivables**

	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>Non-current asset</b>			
Trade receivables	6,912	7,427	6,473
<b>Current asset</b>			
Trade receivables	44,784	52,188	41,403
Less: Accumulated impairment losses	(27,018)	(22,096)	(25,385)
At 31 December	17,766	30,092	16,018

Trade receivables are non-interest bearing and are generally on 14 to 90 days (31.12.2017:14 to 90 days; 1.1.2017: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## Notes To The Financial Statements

### 31 December 2018

#### 10. Trade Receivables (Cont'd)

Included in trade receivables:

(i) 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 trade receivables - non current.

(ii) 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.

Movements in the allowance for impairment losses are as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	22,096	25,385	22,102
Effect of adopting of MFRS 9	4,224	-	-
Impairment losses recognised	4,517	-	11,943
Amounts written off	(633)	(2,889)	(959)
Impairment losses reversed	(3,186)	(400)	(7,701)
<b>At 31 December</b>	<b>27,018</b>	<b>22,096</b>	<b>25,385</b>

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables and contract assets as at the end of the reporting period:

	<b>Gross amount</b>	<b>Loss allowance</b>	<b>Net amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>31.12.2018</b>			
Neither past due nor impaired	-	-	-
Past due not impaired:			
Less than 30 days	3,025	(1,398)	1,627
31 to 60 days	1,471	(921)	550
61 to 90 days	589	(472)	117
More than 90 days	12,681	(5,950)	6,731
	17,766	(8,741)	9,025
Credit impaired:			
Individual impaired	27,018	(18,277)	8,741
	44,784	(27,018)	17,766

Notes To The Financial Statements  
31 December 2018

**10. Trade Receivables (Cont'd)**

	<b>Gross amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net amount RM'000</b>
<b>Group</b>			
<b>31.12.2017</b>			
Neither past due nor impaired	-	-	-
Past due not impaired:			
31 to 60 days	30,092	-	30,092
	30,092	-	30,092
Credit impaired:			
Individual impaired	22,096	(22,096)	-
	52,188	(22,096)	30,092
<b>1.1.2017</b>			
Neither past due nor impaired	-	-	-
Past due not impaired:			
31 to 60 days	16,018	-	16,018
	16,018	-	16,018
Credit impaired:			
Individual impaired	25,385	(25,385)	-
	41,403	(25,385)	16,018

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

At 31 December 2018, trade receivable of RM17,766,000 (31.12.2017: RM30,092,000; 1.1.2017: RM16,018,000) were past due but not impaired. These relate to a number of independence customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM18,277,000 (31.12.2017: RM22,096,000; 1.1.2017: RM25,385,000), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

**11. Deferred Tax Assets/(Liabilities)**

The following are the deferred tax balances in the statements of financial position:

	<b>31.12.2018 RM'000</b>	<b>Group 31.12.2017 RM'000</b>	<b>1.1.2017 RM'000</b>
Deferred tax assets	(26,166)	(6,090)	(4,947)
Deferred tax liabilities	125,059	77,422	78,699
	98,893	71,332	73,752
At 1 January	71,332	73,752	75,052
Recognised in profit or loss	27,561	(1,275)	(1,302)
Transfer from revaluation reserve	-	(1,278)	-
Foreign currency translation differences	-	133	2
At 31 December	98,893	71,332	73,752

Notes To The Financial Statements  
31 December 2018

**11. Deferred Tax Assets/(Liabilities) (Cont'd)**

The components and movements of deferred tax liabilities and assets prior to offsetting are as follows:

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>Deferred tax assets:</b>			
<b>Property development costs</b>			
At 1 January	(5,876)	(4,733)	(4,415)
Recognised in profit or loss	(182)	(1,143)	(318)
At 31 December	(6,058)	(5,876)	(4,733)
<b>Unutilised tax losses</b>			
At 1 January	(32)	(32)	(64)
Recognised in profit or loss	(8,120)	-	32
At 31 December	(8,152)	(32)	(32)
<b>Unabsorbed capital allowance</b>			
At 1 January	-	-	-
Recognised in profit or loss	(11,640)	-	-
At 31 December	(11,640)	-	-
<b>Others</b>			
At 1 January	(182)	(182)	(154)
Recognised in profit or loss	(134)	-	(28)
At 31 December	(316)	(182)	(182)
	(26,166)	(6,090)	(4,947)
<b>Deferred tax liabilities:</b>			
<b>Investment properties</b>			
At 1 January	481	481	481
Recognised in profit or loss	27,179	-	-
At 31 December	27,660	481	481
<b>Revaluation of assets</b>			
At 1 January	75,837	77,114	78,100
Recognised in profit or loss	77	(1,277)	(986)
At 31 December	75,914	75,837	77,114
<b>Land held for property development</b>			
At 1 January/31 December	1,028	1,028	1,028
<b>Accelerated capital allowances</b>			
At 1 January	76	76	76
Recognised in profit or loss	20,289	-	-
Under provision in prior year	92	-	-
At 31 December	20,457	76	76
	125,059	77,422	78,699

## Notes To The Financial Statements 31 December 2018

### 11. Deferred Tax Assets/(Liabilities) (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	<b>31.12.2018</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>31.12.2017</b>	<b>RM'000</b>
		<b>RM'000</b>	
Unutilised tax losses	154,461	139,587	151,498
Unabsorbed capital allowances	26,918	28,125	13,701
Unabsorbed investment tax allowances	33,879	33,879	34,359
Other deductible temporary differences	565	704	-
	<hr/>		
	215,823	202,295	199,558
	<hr/>		
	<b>31.12.2018</b>	<b>Company</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>31.12.2017</b>	<b>RM'000</b>
		<b>RM'000</b>	
Unutilised tax losses	74	74	74
Unabsorbed capital allowances	10	10	10
	<hr/>		
	84	84	84
	<hr/>		

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

### 12. Other Receivables

	<b>31.12.2018</b>	<b>Group</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>31.12.2017</b>	<b>RM'000</b>
		<b>RM'000</b>	
Other receivables	19,144	17,233	22,962
Less : Accumulated impairment losses	(4,660)	(2,799)	(3,864)
	<hr/>		
	14,484	14,434	19,098
Deposits	5,510	5,413	4,527
Prepayments	5,428	2,016	2,926
	<hr/>		
	25,422	21,863	26,551
	<hr/>		
	<b>31.12.2018</b>	<b>Company</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>31.12.2017</b>	<b>RM'000</b>
		<b>RM'000</b>	
Other receivables	1,039	824	1,830
Less : Accumulated impairment losses	(296)	(364)	(364)
	<hr/>		
	743	460	1,466
Other deposits	13	13	13
Prepayments	3,935	-	132
	<hr/>		
	4,691	473	1,611
	<hr/>		

## Notes To The Financial Statements

### 31 December 2018

#### 12. Other Receivables (Cont'd)

Movements in allowance for impairment losses are as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	2,799	3,864	1,856
Impairment losses recognised	1,861	618	2,028
Amount written off	-	(1,683)	(20)
<b>At 31 December</b>	<b>4,660</b>	<b>2,799</b>	<b>3,864</b>

	<b>31.12.2018</b>	<b>Company 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	364	364	364
Impairment losses reversed	(68)	-	-
<b>At 31 December</b>	<b>296</b>	<b>364</b>	<b>364</b>

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

#### 13. Fixed Deposits with Licensed Banks

The interest rates of fixed deposits of the Group ranging from 3.00% to 3.50% (31.12.2017: 2.30%; 1.1.2017: 3.15%) per annum and the maturities of deposits are ranging from 30 to 365 days (31.12.2017: 30 to 365 days, 1.1.2017: 30 to 365 days).

The fixed deposits of the Group at amount of RM1,475,000 (31.12.2017: RM1,689,900, 1.1.2017: RM1,861,000) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to the Group as disclosed in Note 19.

#### 14. Cash and Bank Balances

	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
Cash and bank balances			
- Housing Development Accounts	605	3,176	2,415
- Others	8,936	10,341	7,607
	<b>9,541</b>	<b>13,517</b>	<b>10,022</b>
<b>Company</b>			
Cash and bank balances			
- Others	610	17	24

Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Included in cash and bank balances is an amount of RM2,679,000 (31.12.2017: RM2,547,000; 1.1.2017: RM2,263,000) held under trust account pursuant to trust deeds in relation to a timeshare membership scheme of a subsidiary company.

## Notes To The Financial Statements 31 December 2018

### 15. Disposal Group Held for Sale

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. Upon completion of the disposal on 14 April 2017 CHESB was ceased to be a subsidiary of the Company.

#### Statement of Financial Position

The major classes of assets and liabilities of Country Heights Education Sdn. Bhd. classified as held for sale as at 1 January 2017 are as follows:

	<b>Group 1.1.2017 RM'000</b>
<b>Assets</b>	
Property, plant and equipment	250
Inventories	5
Trade and other receivables	127
Cash and bank balances	18
	400
<b>Liabilities</b>	
Trade and other payables	165
Deferred income	110
	275
Net assets directly associated with disposal group classified as held for sale	125

#### Statements of Profit or Loss and Other Comprehensive Income

The results of Country Heights Education Sdn. Bhd. and the result recognised on the remeasurement of disposal group are as follows:

	<b>1.1.2017 RM'000</b>
Revenue	1,569
Expenses	(2,951)
	(1,382)
Loss before tax	(1,382)
Tax income	2
	(1,380)

The loss from discontinued operation is attributable entirely to the owners of the Company.

The carrying value of property, plant and equipment is the same as its carrying value before it was reclassified to current asset.

## Notes To The Financial Statements

### 31 December 2018

#### 15. Disposal Group Held for Sale (Cont'd)

Property, plant and equipment held for sale comprise as following:

	<b>1.1.2017</b>
	<b>RM'000</b>
Cost	2,026
Accumulated depreciation	(1,776)
<b>Net carrying amount</b>	<b>250</b>

#### 16. Share Capital

<b>Group and Company</b>		
<b>Number of Shares</b>		
<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
<b>Units'000</b>	<b>Units'000</b>	<b>Units'000</b>

##### Issued and fully paid

Ordinary shares with no par value (31.12.2017: no par value, 1.1.2017: RM1)  
At 31 December

275,707	275,707	275,707
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<b>Group and Company</b>		
<b>Amount</b>		
<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

##### Issued and fully paid

Ordinary shares with no par value (31.12.2017: no par value, 1.1.2017: RM1)

At 1 January	352,006	275,707	275,707
Transition to no-par value regime on 31 January 2017			
- Share premium	-	57,251	-
- Capital redemption reserve	-	19,048	-

<b>At 31 December</b>	<b>352,006</b>	<b>352,006</b>	<b>275,707</b>
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In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM57,251,000 for purposes as set out in Sections 618(3) and the capital redemption reserve of RM19,048,000 to pay up the unissued shares and for the bonus issue pursuant to Section 618(4) of the Act. As at the date of issuance of the financial statements, the Company did not utilise the share premium account and the capital redemption reserve.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by Group, all rights are suspended until those shares are reissued.

#### 17. Treasury Shares

<b>Group and Company</b>		
<b>31.12.2018</b>	<b>31.12.2017</b>	<b>1.1.2017</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

##### Treasury shares

At 1 January/31 December	2,914	2,914	2,914
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Treasury shares represent ordinary shares of the Company that held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sales or issuance.

Notes To The Financial Statements  
31 December 2018

**18. Reserves**

	Note	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>Non distributable</b>				
Share premium	(a)	-	-	57,251
Capital redemption reserve	(a)	-	-	19,048
Revaluation reserve	(b)	138,961	140,624	146,117
Investment revaluation reserve	(c)	57	57	57
Warrant reserve	(d)	62,645	-	-
Other reserve	(e)	(62,645)	-	-
Foreign currency translation reserve	(f)	(8,597)	(9,992)	(12,371)
		130,421	130,689	210,102
<b>Distributable</b>				
Retained earnings		376,852	293,125	294,086
		507,273	423,814	504,188

	Note	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>Non distributable</b>				
Share premium	(a)	-	-	57,251
Capital redemption reserve	(a)	-	-	19,048
Warrant reserve	(d)	62,645	-	-
Other reserve	(e)	(62,645)	-	-
		-	-	76,299
<b>Distributable</b>				
Retained earnings		66,902	75,320	76,368
		66,902	75,320	152,667

(a) Share premium and capital redemption reserve

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

The amount standing to the credit of the capital redemption reserve relates to the nominal amount of the Redeemable Preference Shares under Section 61(5) of the Companies Act, 1965.

The movements in the share premium are as follows:

	31.12.2018 RM'000	Group and Company 31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	-	57,251	57,251
Transition to no-par value regime on 31 January 2017 (Note 16)	-	(57,251)	-
At 31 December	-	-	57,251

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

## Notes To The Financial Statements

### 31 December 2018

#### 18. Reserves (Cont'd)

- (a) Share premium and capital redemption reserve (Cont'd)

The movements in the capital redemption reserve as follows:

	Group and Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At 1 January	-	19,048	19,048
Transition to no-par value regime on 31 January 2017 (Note 16)	-	(19,048)	-
At 31 December	-	-	19,048

- (b) Revaluation reserve

The revaluation reserve represents increases in the fair value of land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

- (c) Investment revaluation reserve

Investment revaluation reserve represents the cumulative change in the fair value of financial asset measured at fair value through other comprehensive income until they are derecognised or impaired.

- (d) Warrant reserve

Warrant reserve represents reserve allocated to free warrants issued pursuant to bonus issue of Warrants.

On 21 December 2018, the Company issued 136,778,701 free Warrants pursuant to the bonus issue of Warrants undertaken by the Company on the basis of 1 free warrant for every 2 ordinary shares held in the Company.

The salient features of the Warrant is as follows:

- (i) The Company executed a Deed Poll constituting the Warrants and the exercise price of the Warrants have been fixed at RM1.20 each. The Warrants may be exercised at any time within 5 years commencing on and including the date of issuance and expiring on 20 December 2023. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.
- (ii) The Warrants shall upon allotment and issue, rank pari passu in all respects with each other and the Warrants will not entitle the Warrant Holders to any voting rights in any general meeting of the Company or participate in any other forms of distribution and/or offer of further securities in the Company unless otherwise resolved by the shareholders of the Company.

As at 31 December 2018, the total number of the Warrants remain unexercised were 136,778,701.

- (e) Other reserve

This represents fair value allocated to the free warrants issued pursuant of bonus issue of Warrants refer to Note 17(d).

- (f) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes To The Financial Statements  
 31 December 2018

**19. Loans and Borrowings**

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured</b>			
Term loans (Note a)	104,113	88,071	105,922
Bank overdrafts (Note b)	20,891	29,644	30,939
	125,004	117,715	136,861
<b>Unsecured</b>			
Term loans (Note a)	99,794	111,137	75,428
Finance lease liabilities (Note c)	133	411	740
Revolving credits (Note d)	-	-	800
	99,927	111,548	76,968
	224,931	229,263	213,829
<b>Non current</b>			
Term loans (Note a)	182,970	190,034	168,617
Finance lease liabilities (Note c)	82	256	545
	183,052	190,290	169,162
<b>Current</b>			
Term loans (Note a)	20,937	9,174	12,733
Finance lease liabilities (Note c)	51	155	195
Revolving credits (Note d)	-	-	800
Bank overdrafts (Note b)	20,891	29,644	30,939
	41,879	38,973	44,667
	224,931	229,263	213,829

Notes To The Financial Statements  
31 December 2018

19. Loans and Borrowings (Cont'd)

	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>Secured</b>			
Term loans (Note a)	25,000	-	13,190
Bank overdrafts (Note b)	9,910	18,494	18,744
	34,910	18,494	31,934
<b>Unsecured</b>			
Term loans (Note a)	99,794	111,137	75,428
	134,704	129,631	107,362
<b>Non current</b>			
Term loans (Note a)	107,294	111,137	82,023
<b>Current</b>			
Term loans (Note a)	17,500	-	6,595
Bank overdrafts (Note b)	9,910	18,494	18,744
	27,410	18,494	25,339
	134,704	129,631	107,362

Effective interest rates per annum on the borrowings of the Group and of the Company are as follows:

	31.12.2018 %	Group 31.12.2017 %	1.1.2017 %
Term loans	4.60 - 11.00	4.60 - 8.25	5.50
Financial lease liabilities	2.38 - 7.18	2.38 - 7.18	3.45 - 4.95
Revolving credits	-	-	6.60
Bank overdrafts	7.10 - 9.15	7.10 - 8.60	7.30
<b>Company</b>			
	31.12.2018 %	31.12.2017 %	1.1.2017 %
Term loans	4.60 - 11.00	8.25	8.25
Bank overdrafts	9.15	8.60	8.60

Notes To The Financial Statements  
31 December 2018

**19. Loans and Borrowings (Cont'd)**

(a) Term loans

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>			
<u>Secured</u>			
RM20,000,000 facility	-	-	6,595
RM1,733,000 facility	117	104	99
RM15,000,000 facility	-	2,381	1,780
RM15,000,000 facility	-	3,223	3,194
RM100,000,000 facility	3,320	3,466	1,065
RM25,000,000 facility	17,500	-	-
	20,937	9,174	12,733
<b>Non-current liabilities</b>			
<u>Secured</u>			
RM20,000,000 facility	-	-	6,595
RM1,733,000 facility	898	1,015	1,133
RM15,000,000 facility	-	-	1,864
RM15,000,000 facility	3,026	2,877	5,564
RM100,000,000 facility	71,752	75,005	78,033
RM25,000,000 facility	7,500	-	-
	83,176	78,897	93,189
<u>Unsecured</u>			
RM84,452,000 facility	99,794	111,137	75,428
	182,970	190,034	168,617
Total secured and unsecured non-current term loans	182,970	190,034	168,617
	203,907	199,208	181,350
Total term loans	203,907	199,208	181,350

Notes To The Financial Statements  
31 December 2018

19. Loans and Borrowings (Cont'd)

(a) Term loans

	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>Current liabilities</b>			
<u>Secured</u>			
RM25,000,000 facility	17,500	-	-
RM20,000,000 facility	-	-	6,595
	17,500	-	6,595
<b>Non-current liabilities</b>			
<u>Secured</u>			
RM25,000,000 facility	7,500	-	-
RM20,000,000 facility	-	-	6,595
	7,500	-	6,595
<u>Unsecured</u>			
RM84,452,000 facility	99,794	111,137	75,428
Total secured and unsecured non-current term loans	107,294	111,137	82,023
Total term loans	124,794	111,137	88,618

- (i) 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 RM1,937,000 (31.12.2017: RM1,983,000, 1.1.2017: RM2,029,000).
- (ii) A term loan facility of RM15,000,000 granted to Mega Palm Sdn. Bhd. is secured by the following:
- (a) 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 7; and
- (b) Corporate guarantee by the Company.
- (iii) A term loan facility of RM15,000,000 granted to a subsidiary, Golden Horse Palace Berhad. ("GHPB"), is secured by the following:
- (a) 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 RM3,332,000 (31.12.2017: RM3,413,000; 1.1.2017: RM3,495,000) as disclosed in Note 4;
- (b) 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 RM1,109,000 (31.12.2017: RM1,129,000 and RM188,376,000; 1.1.2017: RM1,140,000 and RM190,923,000) as disclosed in Notes 4 and 5;
- (c) Debenture incorporating first fixed and floating charges over all the assets of GHPB, both movable and immovable;

Notes To The Financial Statements  
31 December 2018

**19. Loans and Borrowings (Cont'd)**

- (a) Term loans (Cont'd)
- (iii) A term loan facility of RM15,000,000 granted to a subsidiary, Golden Horse Palace Berhad. ("GHPB"), is secured by the following: (Cont'd)
- (d) An assignment over GHPB's all rights, interest and benefits under:
- (1) All agreements in relation to the refurbishment works of PGH ("project");
  - (2) Insurance policies in respect of the project; and
  - (3) Debt service reserve account /project account (if any)
- (e) 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:
- a. Letter of undertaking from the Company to provide cash injection to cover cost-overrun during construction/refurbishment period and/or cash flow deficit during operational period; and
  - b. Corporate guarantee by the Company
- (iv) 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:
- (a) First party 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 RM7,157,000, RM100,478,000 and RM82,763,000 (31.12.2017: RM7,481,000, RM57,652,000 and RM80,652,000; 1.1.2017: RM7,481,000, RM56,778,000 and RM74,492,000) as disclosed in Notes 4, 5 and 7; and
  - (b) 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 RM62,216,000 and RM119,492,000 (31.12.2017: RM63,920,000 and RM121,124,000; 1.1.2017: RM63,919,000 and RM122,761,000)
- (v) A term loan facility of RM25,000,000 to the Company, is secured by the following:
- (a) First legal charge under the National Land Code over 10 pieces of freehold land located at Daerah Hulu Langat, Negeri Selangor held by a subsidiary company Country Heights Sdn. Bhd. with carrying value of RM658,000 (31.12.2017: Nil; 1.1.2017: Nil) as disclosed in Note 7(c);
  - (b) Third party legal charge under the National Land Code over 12 pieces of leasehold land located at Pekan Baru Sungai Besi held by a subsidiary company Walum Enterprise Sdn. Bhd. with carrying value of RM1,205,000 (31.12.2017: Nil; 1.1.2017: Nil) as disclosed in Note 7(c);
  - (c) Third party first legal charge under the National Land Code created in favour of the Company by Country Heights Commercial Development Sdn Bhd over all that place of freehold land held under Geran 122934, Lot 37653 Bandar Country Height, Daerah Ulu Langat, Negeri Selangor as disclosed in Notes 7(c); and
  - (d) Personal Guarantee in favour of the Company to be executed by Tan Sri Lee Kim Tiong @ Lee Kim Yew in such form and substance acceptable to the Company to inter alia guarantee and secure repayment of the principal sum of up to RM25,000,000 only together with the interest thereon.
- (vi) Tan Sri Lee Kim Tiong @ Lee Kim Yew granted to the Company a short term interest-free 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.

## Notes To The Financial Statements

### 31 December 2018

#### 19. Loans and Borrowings (Cont'd)

(b) Bank overdraft

The bank overdraft includes the following:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>			
RM1,700,000 facility	1,694	1,645	2,290
RM10,000,000 facility	9,287	9,505	9,905
RM15,000,000 facility	9,910	18,494	18,744
	<hr/> 20,891	<hr/> 29,644	<hr/> 30,939
	<b>31.12.2018</b>	<b>Company 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>			
RM15,000,000 facility	9,910	18,494	18,744

Salient features of the bank overdrafts granted to subsidiary companies are as follows:

- (i) Overdraft facility of RM2,000,000 granted to a subsidiary, Country Heights W.T.C. Sdn. Bhd. was secured by the following:
  - (a) 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
  - (b) Corporate guarantee by the Company.
- (ii) Overdraft facility of RM10,000,000 granted to a subsidiary, Mega Palm Sdn. Bhd. ("MPSB"), was secured by the following:
  - (a) 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 RM42,313,000 (31.12.2017: RM42,302,000; 1.1.2017: RM42,302,000), as disclosed in Note 7; and
  - (b) Corporate guarantee by the Company.
- (iii) Overdraft facility of RM15,000,000 (31.12.2017: RM18,500,000; 1.1.2017: 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 RM1,398,000 (31.12.2017: RM1,498,000; 1.1.2017: RM1,498,000), as disclosed in Note 7(c).

Notes To The Financial Statements  
31 December 2018

**19. Loans and Borrowings (Cont'd)**

(c) Financial lease liabilities

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments</b>			
Within one year	54	118	156
Later than one year and not later than two years	86	217	438
Later than two year and not later than five years	-	100	147
Later than five years	-	-	61
	140	435	802
Less: Future finance charges	(7)	(24)	(62)
	133	411	740
<b>Present value of finance lease liabilities</b>			
	133	411	740
<b>Present value of minimum lease payments:</b>			
Within one year	51	155	195
Later than one year and not later than two years	82	195	367
Later than two year and not later than five years	-	61	126
Later than five years	-	-	52
	133	411	740

(d) Revolving credits

The unsecured revolving credit facility of RM15,000,000 granted to a subsidiary, Country Heights Sdn. Bhd., which had been settled in 2017 has the following guarantees and pledges:

- (i) 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
- (ii) Corporate guarantee by the Company

**20. Contract Liabilities**

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current</b>			
<b>Contract liabilities</b>			
Deferred income:	39,317	40,101	35,626
<b>Current</b>			
<b>Contract liabilities</b>			
Property development activities	5,444	-	-
Deferred income	1,669	1,692	1,345
	7,113	1,692	1,345
Contract liabilities	46,430	41,793	36,971

## Notes To The Financial Statements

### 31 December 2018

#### 20. Contract Liabilities (Cont'd)

(a) 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.

(b) Property development activities

Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period of [180 days].

##### Contract value yet to be recognised as revenue

The followings table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) at the reporting date:

	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Deferred income	2,076	5,100	2,716	9,892
Property development activities	12,842	-	-	12,842
	14,918	5,100	2,716	22,734

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the performance obligation is part of a contract that has an original expected duration of less than one year.

#### 21. Other Payables

	31.12.2018 RM'000	Group 31.12.2017 RM'000	1.1.2017 RM'000
<b>Non-current liabilities</b>			
Other payables	1,736	-	3,399
<b>Current liabilities</b>			
Other payables	48,580	57,465	78,702
Accruals	18,598	20,217	-
Deposits	10,574	10,189	-
	77,752	87,871	78,702
	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>Current liabilities</b>			
Other payables	12,367	12,094	15,042
Accruals	254	221	-
	12,621	12,315	15,042

## Notes To The Financial Statements 31 December 2018

### 21. Other Payables (Cont'd)

Included in other payables is an amount of RM19,709,000 (31.12.2017: RM22,899,000; 1.1.2017: RM18,371,000) due to companies in which certain Directors of the Company have interest are as inclusive of:

- (i) Cash payment portion of the purchase consideration amounting to RM11,214,000 (31.12.2017: RM11,214,000 1.1.2017: 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 (31.12.2017: RM590,000; 1.1.2017: 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.

### 22. Trade Payables

Credit terms of trade payables RM39,446,000 (31.12.2017: RM34,714,000; 1.1.2017: RM37,083,000) of the Group ranged from 30 to 45 days (31.12.2017: 30 to 45 days; 1.1.2017: 30 to 45 days). Other credit terms are approved on case-by-case basis.

Included in trade payables are as follows:

- (i) retention sum of RM4,719,000 (31.12.2017: RM5,902,000; 1.1.2017: RM7,050,000).
- (ii) an amount of RM2,324,000 (31.12.2017: RM3,186,000; 1.1.2017: RM3,156,000) due to companies in which certain Directors of the Company have interest.

### 23. Investments in Subsidiary Companies

	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<b>In Malaysia:</b>			
<b>At cost</b>			
Unquoted shares	220,202	220,202	221,202
Redeemable cumulative preference shares	407,282	407,282	414,053
	627,484	627,484	635,255
Less: Accumulated impairment loss			
At 1 January	(10,733)	(18,240)	(11,310)
Impairment loss recognised	(7,305)	-	(6,930)
Reversal during the financial year	152	7,507	-
	(17,886)	(10,733)	(18,240)
	609,598	616,751	617,015

During the financial year, the Company conducted a review of the recoverable amounts of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal. An impairment loss amounting to RM7,305,000 (31.12.2017: Nil; 1.1.2017: RM6,930,000) was recognised in 'administrative expenses' in statements of profit or loss and other comprehensive income and as a result, the investment is fully impaired as at 31 December 2018. The recoverable amounts are determined using the fair value less cost of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

## Notes To The Financial Statements

### 31 December 2018

#### 23. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest (%)			Principal activities
		31.12. 2018	31.12. 2017	1.1. 2017	
<b>Direct Holding:</b>					
Country Heights Sdn. Bhd.	Malaysia	100	100	100	Property development
College Heights Utara Sdn. Bhd.	Malaysia	100	100	100	Property development
Borneo Heights Sdn. Bhd.	Malaysia	70	70	70	Property development and property investment
Tindak Murni Sdn. Bhd.	Malaysia	100	100	100	Property development
Country Heights Industries Sdn. Bhd.	Malaysia	100	100	100	Property development and investment holding
Country Heights W.T.C Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Country Heights Properties Sdn. Bhd.	Malaysia	100	100	100	Property management and holding investment
Grand Wellness Hub Sdn. Bhd. (formerly known as East Vision Leisure Group Sdn. Bhd.)	Malaysia	100	100	100	Investment holding
Mines Holdings Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Country Heights Global Ltd.#	Labuan	100	100	100	Dormant
Walum Enterprise Sdn. Bhd.	Malaysia	100	100	100	Ownership of land held for property development
Hasil Cermat Sdn. Bhd.	Malaysia	100	100	100	Ownership of land held for property
Country Heights Development Sdn. Bhd.	Malaysia	100	100	100	Property investment
Country Heights eMarketing Services Sdn. Bhd.	Malaysia	100	100	100	Provision of marketing services
Versatile Champion Sdn. Bhd.	Malaysia	100	100	100	Property trading
Golden Horse Palace Berhad	Malaysia	81	81	81	Ownership and operation of a hotel and provision of health programs and timeshare membership
Country Heights Commercial Development Sdn. Bhd.	Malaysia	100	100	100	Investment holding and resort and hotel management
Country Heights Resorts & Leisure Sdn. Bhd.	Malaysia	100	100	100	Resort management and investment holding
Magnitude Knight (M) Sdn. Bhd.	Malaysia	100	100	100	Investment holding
Tadika Sri Moral Sdn. Bhd.	Malaysia	100	70	70	Provision of education and related services
Country Heights Resources Management (M) Sdn. Bhd.	Malaysia	100	100	100	Provision of management services

Notes To The Financial Statements  
31 December 2018

**23. Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business/ Country of incorporation	Effective interest			Principal activities
		(%) 31.12. 2018	(%) 31.12. 2017	(%) 1.1. 2017	
<b>Direct Holding (Cont'd):</b>					
Country Heights Property Development Berhad	Malaysia	100	100	100	Dormant
Country Heights Sea Resort Sdn. Bhd.	Malaysia	100	100	100	Dormant
Country Heights Education Sdn. Bhd.	Malaysia	-	-	70	Provision of educational related services
Malaysia Trade & Distribution Centre (Rotterdam) Sdn. Bhd.	Malaysia	100	100	100	Dormant
Mines Global Holidays & Travel Sdn. Bhd.	Malaysia	60	60	60	Dormant
Stallion Management Sdn. Bhd.	Malaysia	69	69	69	Provision of management services
<b>Indirect Holding:</b>					
<b>Subsidiary company of Borneo Heights Sdn. Bhd.</b>					
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	100	100	100	Ownership and operation of a golf course and club hotel
<b>Subsidiary companies of Country Heights Properties Sdn. Bhd.</b>					
Country Heights Development Melaka Sdn. Bhd.	Malaysia	100	100	100	Investment holding and property development
Mega Palm Sdn. Bhd.	Malaysia	100	100	100	Property development
Country Heights Pangsa Rakyat Sdn. Bhd.	Malaysia	100	100	100	Property investment
<b>Subsidiary company of Country Heights Development Melaka Sdn. Bhd.</b>					
Country Heights Facility Management Sdn. Bhd.	Malaysia	100	100	100	Dormant
<b>Indirect Holding:</b>					
<b>Subsidiary companies of Mines Holdings Sdn. Bhd.</b>					
Kin No Uma Sdn. Bhd.	Malaysia	100	100	100	Dormant
KHU Property Management Sdn. Bhd.	Malaysia	100	100	100	Dormant
Country Heights Health Tourism Sdn. Bhd.	Malaysia	65	70	70	Provision of private medical care facilities and services and medical related facilities and services to the public
Mines Wellness Hotel Berhad	Malaysia	100	100	100	Ownership and operator of a hotel and also in the business of selling private healthcare memberships
WIEXPO Sdn. Bhd.	Malaysia	100	100	100	Dormant

## Notes To The Financial Statements

### 31 December 2018

#### 23. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows (Cont'd):

Name of company	Place of business/ Country of incorporation	Effective interest (%)			Principal activities
		31.12. 2018	31.12. 2017	1.1. 2017	
<b>Indirect Holding: (Cont'd):</b>					
<b>Subsidiary companies of Grand Wellness Hub Sdn. Bhd. (formerly known as East Vision Leisure Group Sdn. Bhd.)</b>					
Mines Shopping Fair Sdn. Bhd.	Malaysia	100	100	100	Letting of promotion space
Mines Waterfront Business Park Sdn. Bhd.	Malaysia	100	100	100	Letting of office space
Mines International Exhibition Centre Sdn. Bhd.	Malaysia	100	100	100	Investment holding, manager of exhibition centre and conventions provision of catering services
<b>Subsidiary company of Mines International Exhibition Centre Sdn. Bhd.</b>					
Mines Events Sdn. Bhd.	Malaysia	100	100	100	Provision of exhibition space
<b>Subsidiary company of Country Heights Resorts &amp; Leisure Sdn. Bhd.</b>					
Mines Premium Sdn. Bhd.	Malaysia	100	100	100	Solutions provider and promotion activities
<b>Subsidiary company of Golden Horse Palace Berhad</b>					
Mines Marketing Sdn. Bhd.	Malaysia	100	100	100	Marketer in all aspects of health screening, timeshare memberships and palm oil memberships
<b>Subsidiary company of Mines Marketing Sdn. Bhd.</b>					
Mines Global Holidays Sdn. Bhd.	Malaysia	50	50	50	Travel agents and tour operators and to provide facilities in travelling and touring to travellers and tourist
<b>Subsidiary company of Country Heights Health Tourism Sdn. Bhd.</b>					
GHHS Wellness Sdn. Bhd.	Malaysia	100	100	100	Dormant
<b>Subsidiary companies of Country Heights Property Development Berhad</b>					
Profound Concept Sdn. Bhd.	Malaysia	100	100	100	Property investment
Endless Gain Sdn. Bhd.	Malaysia	100	100	100	Ownership of property held for rental purposes
<b>Subsidiary company of Endless Gain Sdn. Bhd.</b>					
Natural Circle (M) Sdn. Bhd.	Malaysia	99.98	99.98	99.98	Ownership of property held for rental purposes
<b>Subsidiary companies of Magnitude Knight (M) Sdn. Bhd.</b>					
Country Heights Pecanwood Golf & Country Club (Pty) Ltd*	South Africa	100	100	100	Ownership and operators of golf estate club
Country Heights Pecanwood Boat Club (Pty) Ltd*	South Africa	100	100	100	Ownership and operator of boat club

\* Subsidiary companies not audited by UHY

# No auditors are required to be appointed for this dormant company

Notes To The Financial Statements  
31 December 2018

**23. Investment in Subsidiary Companies (Cont'd)**

Details of the subsidiary companies are as follows (Cont'd):

Although the Group own less than 51% of the ownership in Mines Global Holidays Sdn. Bhd. ("MGH") and less than 51% of their voting power, the Directors have determined that the Group controls this entity. The Group controls MGH by virtue of the Group controlling the composition of the Board of Directors of MGH.

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interest:

<b>Name of company</b>	<b>Proportion of ownership interest and voting interest held by non-controlling interest %</b>	<b>Loss allocated to non-controlling interest RM'000</b>	<b>Accumulated non-controlling interest RM'000</b>
<b>31.12.2018</b>			
Golden Horse Palace Berhad	19.1	(1,226)	31,234
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0	(504)	(10,768)
Mines Marketing Sdn. Bhd.	19.1	(3)	(1,076)
Stallion Management Sdn. Bhd.	31.0	(594)	(345)
Individually immaterial subsidiary companies with non-controlling interest			(213)
Total non-controlling interest			<u>18,832</u>
<b>31.12.2017</b>			
Golden Horse Palace Berhad	19.1	(416)	32,460
Borneo Highlands Hornbill Golf & Jungle Club Berhad	30.0	-	(10,264)
Mines Marketing Sdn. Bhd.	19.1	(224)	(1,073)
Stallion Management Sdn. Bhd.	31.0	(57)	249
Individually immaterial subsidiary companies with non-controlling interest			(830)
Total non-controlling interest			<u>20,542</u>

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### 23. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Set out below are the Group's subsidiary companies that have material non-controlling interest (Cont'd):

Name of company	Proportion of ownership interest and voting interest held by non-controlling interest %	Loss allocated to non-controlling interest RM'000	Accumulated non-controlling interest RM'000
<b>1.1.2017</b>			
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	(57)	306
Individually immaterial subsidiary companies with non-controlling interest			(1,955)
Total non-controlling interest			20,114

(b) Disposal of subsidiary companies

On 14 April 2017, the Company entered into a new Share Sale Agreement to dispose 1,000,000 ordinary shares in Country Heights Education Sdn. Bhd., representing 70% of the ordinary shares and 6,771,000 cumulative preference shares, representing all the cumulative preference shares, for a total cash consideration of RM105,001 via management buyout exercise.

The effect of the disposal on the financial results of the Group during the financial year is minimal and no impact to the Group.

The effect of the disposal on the financial position of the Group is as follows:

	<b>31.12.2017</b> <b>RM'000</b>
Country Heights Education Sdn. Bhd.	
Property, plant and equipment	396
Other payables	(262)
Non-controlling interests	(154)
	(20)

Notes To The Financial Statements  
31 December 2018

**23. Investment in Subsidiary Companies (Cont'd)**

(b) Disposal of subsidiary companies (Cont'd)

The effect of the disposal on the cash flows of the Group during the financial year is as follows:

	<b>31.12.2017</b> <b>RM'000</b>
Assets	396
Liabilities	(262)
Non-controlling interests	(154)
Net liabilities disposed	(20)
Gain on disposal	137
Total proceeds from disposal	117
Less : Cash and cash equivalent of subsidiary company	(73)
Net cash inflow from disposal	44

(c) Changes in non-controlling interests

On 16 May 2018, Mines Holdings Sdn. Bhd., a wholly-owned subsidiary company of the Group, disposed 5% equity interest in Country Heights Health Tourism Sdn. Bhd. ("CHHT") for a total consideration of RM250,000. Decreasing its ownership from 70% to 65%.

The effect of changes in equity interest in CHHT that is attributable to owners of the Company:

	<b>2018</b> <b>RM'000</b>
Carrying amount to NCI Disposed	365,233
Consideration paid from NCI	250,000
Decrease in parents' equity	615,233

There were no disposal in the previous financial year.

**24. Amount Due from/(to) Subsidiary Companies**

	<b>31.12.2018</b> <b>RM'000</b>	<b>Company</b> <b>31.12.2017</b> <b>RM'000</b>	<b>1.1.2017</b> <b>RM'000</b>
Amount due from subsidiary companies:			
Trade related	-	703	608
Non-trade related	3,423	79,539	78,690
	3,423	80,242	79,298
Less: Accumulated impairment losses	-	(19)	(19)
	3,423	80,223	79,279
Amount due to subsidiary companies:			
Non-trade related	(59,546)	(135,715)	(154,497)

## Notes To The Financial Statements

### 31 December 2018

#### 24. Amount Due from/(to) Subsidiary Companies (Cont'd)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	<b>31.12.2018</b>	<b>Company 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January	19	19	19
Impairment losses reversed	(19)	-	-
At 31 December	-	19	19

The trade credit term are generally on 30 to 90 days (31.12.2017: 30 to 90 days; 1.1.2017: 30 to 90 days).

The amounts due from/(to) subsidiary companies are unsecured, non-interest bearing, and are repayable on demand.

#### 25. Revenue

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from contract customers:				
- Property development	19,636	25,460	-	-
- Hospitality and health	53,540	49,985	-	-
- Service charged receivable from subsidiaries	-	-	-	198
	73,176	75,445	-	198
Revenue from other sources:				
- Property investment	17,460	17,950	-	-
- Others	-	180	-	-
- Lease rental receivable from subsidiaries	-	-	-	43
	17,460	18,130	-	43
	90,636	93,575	-	241

	<b>Property development RM'000</b>	<b>Hospitality and Health RM'000</b>	<b>Property Investment RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>2018</b>					
<b>Timing of recognition:</b>					
At a point in time	-	-	17,460	-	17,460
Over time	19,636	53,540	-	-	73,176
Total revenue from with customers	19,636	53,540	17,460	-	90,636
<b>2017</b>					
<b>Timing of recognition:</b>					
At a point in time	-	-	17,950	180	18,130
Over time	25,460	49,985	-	-	75,445
Total revenue from with customers	25,460	49,985	17,950	180	93,575

Notes To The Financial Statements  
31 December 2018

**26. Finance Costs**

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
Bank overdraft interest	1,486	222	17	428
Finance lease interest	17	34	-	-
Term loans interest	7,568	9,627	-	(442)
Revolving credits	-	28	-	-
Others	8	190	1	(9)
	9,079	10,101	18	(23)

**27. Profit/(Loss) Before Tax**

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amortisation of debt issuance costs	80	159	-	-
Amortisation of prepaid lease payments	1,853	4,030	-	-
Auditors' remuneration				
- Statutory audit:	258	250	58	51
- Non-audit services	16	-	-	-
Bad debts written off	633	375	74	94
Depreciation of property, plant and equipment	9,463	9,038	66	22
Fair value adjustments on trade receivables	83	(159)	-	-
Impairment loss on				
- trade receivables	4,517	-	-	-
- other receivables	1,861	618	-	-
- investment in subsidiary companies	-	-	7,305	-
Lease rental expense	284	285	-	57
(Gain)/Loss on disposal of subsidiary companies	-	(137)	-	7,621
Non-executive directors' remuneration				
- Fees	56	41	56	41
- Other emoluments	49	41	49	41
Property, plant and equipment written off	16	543	-	-
Rental of premises	299	-	-	-
Rental of equipments	293	291	-	-
Dividend income	(150)	-	-	-
Amortisation of deferred income	(1,180)	(1,164)	-	-
Bad debt recovered	(528)	(379)	-	-
Fair value gain on investment properties	(117,063)	-	-	-
Interest income:				
- Short-term deposits	(113)	(172)	-	31
- Other	(32)	(303)	-	-
Unrealised loss/(gain) on foreign exchange	42	(62)	-	-
Rental income	(10,514)	(7,711)	-	-
Reversal of impairment loss on:				
- trade receivables	(3,186)	(400)	-	-
- other receivables	-	-	(68)	-
- investment in subsidiary companies	-	-	(152)	(7,507)
- amount due from subsidiary companies	-	-	(19)	-
Waiver of tax penalty expenses	4,870	1,136	3	-

Notes To The Financial Statements  
31 December 2018

28. Taxation

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Current income tax</b>				
Current year tax provision	1,219	2,904	-	-
(Over)/Under provision in prior years	(8,171)	1,136	43	-
	(6,952)	4,040	43	-
<b>Deferred taxation</b>				
Origination and reversal of temporary differences	27,390	(924)	-	-
Under/(Over) provision in prior years	171	(351)	-	-
	27,561	(1,275)	-	-
Tax expenses for the financial year	20,609	2,765	43	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before tax	104,937	413	(8,375)	(1,048)
At Malaysia statutory tax rate of 24% (2017: 24%)	25,185	99	(2,010)	(251)
Income not subject to tax	(3,029)	-	-	-
Expenses not deductible for tax purposes	3,206	1,856	2,010	251
Deferred tax assets not recognised	3,247	657	-	-
Crystallisation of deferred tax	-	(632)	-	-
(Over)/Under provision of taxation in previous year	(8,171)	1,136	43	-
Under/(Over) provision of deferred tax in previous year	171	(351)	-	-
Tax expense for the financial year	20,609	2,765	43	-

Subject to agreement by tax authority, the Group and the Company have the following unutilised tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances to carry forward to offset against future taxable profits:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unutilised tax losses	188,770	180,575	74	74
Unabsorbed capital allowances	75,417	70,820	10	10
Unabsorbed investment tax allowance	33,879	33,879	-	-
	298,066	285,274	84	84

## Notes To The Financial Statements 31 December 2018

### 29. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) attributable to owners of the parent	86,653	(2,624)
Weighted average number of ordinary shares in issue (in thousand of shares)	273,557	273,557
Basic earnings per ordinary share (in sen)	31.68	(0.95)

(b) Diluted earnings/(loss) per share

The Group and the Company have no dilution in their earning per ordinary shares as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial year, the options do not have any dilute effect on the weighted average number of ordinary shares.

### 30. Staff Costs

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries, wages and other emoluments	25,529	25,785	105	82
Defined contribution plans	2,985	3,092	-	-
Social security contributions	343	326	-	-
Other benefits	2,882	3,438	31	85
	31,739	32,641	136	167

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors during the financial year as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Executive Directors of the subsidiary companies</b>				
Salaries and other emoluments	1,343	1,406	-	-
Benefit-in-kind	30	31	-	-
Defined contribution plan	152	32	-	-
	1,525	1,469	-	-

## Notes To The Financial Statements

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#### 31. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Financial cash flow RM'000	At 31 December RM'000
<b>2018</b>			
<b>Group</b>			
Financial lease liabilities	411	(278)	133
Term loans	199,208	4,699	203,907
Bank overdrafts	29,644	(8,753)	20,891
	229,263	(4,332)	224,931
<b>2017</b>			
Financial lease liabilities	740	(329)	411
Term loans	181,350	17,858	199,208
Bank overdrafts	30,939	(1,295)	29,644
	213,029	16,234	229,263
<b>2018</b>			
<b>Company</b>			
Amount due to subsidiary companies	135,715	(76,169)	59,546
Term loans	111,137	13,657	124,794
Bank overdrafts	18,494	(8,584)	9,910
	265,346	(71,096)	194,250
<b>2017</b>			
Amount due to subsidiary companies	154,497	(18,782)	135,715
Term loans	88,618	22,519	111,137
Bank overdrafts	18,744	(250)	18,494
	261,859	3,487	265,346

#### 32. Related Party Disclosures

##### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities direct or indirectly.

Notes To The Financial Statements  
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**32. Related Party Disclosures (Cont'd)**

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 21 and 24, the significant related party transactions of the Group and of the Company are as follows:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transaction with companies in which Directors of the Company have financial interest</b>		
Rental income received/receivable	57	97
<hr/>		
	<b>Company</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Transaction with Subsidiary companies</b>		
Service charged received/receivable	-	198
Lease rental received/receivable	-	43
<hr/>		

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Executive Directors</b>				
- Salary and other emoluments	1,343	1,406	-	-
Post-employment benefits:				
- Defined contribution plan	152	32	-	-
Estimated value of benefits-in-kind	30	31	-	-
<hr/>				
	1,525	1,469	-	-
<hr/>				

**33. Contingent Liabilities**

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Unsecured</u>			
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
Bank guarantees given to suppliers for the purpose of hotel utilities	820	850	952
Bank guarantees given to related parties for the purpose of utilities	400	400	620
<hr/>			
	1,220	12,653	12,975
<hr/>			

## Notes To The Financial Statements

### 31 December 2018

#### 33. Contingent Liabilities (Cont'd)

	31.12.2018 RM'000	Company 31.12.2017 RM'000	1.1.2017 RM'000
<u>Secured</u>			
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 subsidiary companies	98,997	116,595	134,830
<u>Unsecured</u>			
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 subsidiary companies	-	-	800
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
	98,997	127,998	147,033

The contingent liability arises from the following lawsuit against the Company:

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:

- (a) 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
- (b) 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-file its Notice of Appeal.

On 18 January 2018, the Court of Appeal allowed IRB's Notice of Motion to be heard but dismissed appeal with costs. The real property gains tax assessments, including penalties, raised on the Company are discharged fully.

## Notes To The Financial Statements 31 December 2018

### 34. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development	Development of residential and commercial properties.
Property investment	Investment holding and provision of management services
Hospitality and health	Hospitality, fine and casual dining, leisure, recreational, health and wellness centres

Management monitors the operating results of its business units separately for the purpose of making decision about resources allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the chief operating decision maker.

#### Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	<b>Total revenue from external customers RM'000</b>	<b>Segment Assets RM'000</b>	<b>Capital expenditure RM'000</b>
<b>Group</b>			
<b>31.12.2018</b>			
Malaysia	89,955	1,381,692	1,876
South Africa	681	10,544	179
	<hr/> 90,636	<hr/> 1,392,236	<hr/> 2,055
<hr/>			
<b>31.12.2017</b>			
Malaysia	93,096	1,262,365	5,258
South Africa	479	11,743	5
	<hr/> 93,575	<hr/> 1,274,108	<hr/> 5,263
<hr/>			
<b>1.1.2017</b>			
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

Notes To The Financial Statements  
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**34. Segment Information (Cont'd)**

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
<b>Group</b>						
<b>31.12.2018</b>						
<b>Revenue</b>						
External sales	19,636	17,460	53,540	-	-	90,636
Inter-segment revenue	-	76	3,334	-	(3,410)	-
<b>Total revenue</b>	<b>19,636</b>	<b>17,536</b>	<b>56,874</b>	<b>-</b>	<b>(3,410)</b>	<b>90,636</b>
<b>Results</b>						
Segment results	(226,573)	(189,555)	(17,207)	(122,553)	669,904	114,016
Finance costs	(2,694)	(6,049)	(457)	(219)	340	(9,079)
<b>Profit before taxation</b>	<b>(229,267)</b>	<b>(195,604)</b>	<b>(17,664)</b>	<b>(122,772)</b>	<b>670,244</b>	<b>104,937</b>
Income tax expense						(20,609)
<b>Profit for the financial year</b>	<b>(229,267)</b>	<b>(195,604)</b>	<b>(17,664)</b>	<b>(122,772)</b>	<b>670,244</b>	<b>84,328</b>
<b>Assets</b>						
Segment assets	543,272	294,987	510,896	12,876	-	1,362,031
Deferred tax assets	4,147	717	1,510	19,792	-	26,166
Tax recoverable	323	6	(5)	3,715	-	4,039
	<b>547,742</b>	<b>295,710</b>	<b>512,401</b>	<b>36,383</b>	<b>-</b>	<b>1,392,236</b>
<b>Liabilities</b>						
Segment liabilities	92,524	88,681	57,240	151,850	-	390,295
Deferred tax liabilities	38,724	37,731	48,604	-	-	125,059
Tax payables	1,043	229	413	-	-	1,685
	<b>132,291</b>	<b>126,641</b>	<b>106,257</b>	<b>151,850</b>	<b>-</b>	<b>517,039</b>
<b>Other information</b>						
Amortisation of deferred income	-	-	(1,180)	-	-	(1,180)
Amortisation of prepared land lease payment	-	1,638	72	-	143	1,853
Bad debts recovered	(439)	-	(89)	-	-	(528)
Reversal of impairment loss on trade and other receivables	(519)	(112)	(1,992)	(563)	-	(3,186)
Impairment loss on						
- Trade receivables	4,517	-	-	-	-	4,517
- Other receivables	1,861	-	-	-	-	1,861
Bad debts written off	14	176	291	152	-	633
Capital expenditure	186	10	1,859	-	-	2,055
Depreciation of property, plant and equipment	350	3,624	5,388	101	-	9,463

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34. Segmental Information (Cont'd)

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
<b>Group</b>						
<b>31.12.2017</b>						
<b>Revenue</b>						
External sales	25,460	17,950	49,985	180	-	93,575
Inter-segment revenue	-	103	8,108	241	(8,452)	-
Total revenue from continuing operations	25,460	18,053	58,093	421	(8,452)	93,575
<b>Results</b>						
Segment results from continuing operations	9,569	3,127	(3,118)	2,156	(1,220)	10,514
Finance costs						(10,101)
Profit before taxation						413
Taxation						(2,765)
Loss for the year						(2,352)
<b>Assets</b>						
Segment assets	479,358	260,159	526,502	(2,054)	-	1,263,965
Tax recoverable	340	-	-	3,713	-	4,053
Deferred tax assets	3,511	717	1,862	-	-	6,090
	483,209	260,876	528,364	1,659	-	1,274,108
<b>Liabilities</b>						
Segment liabilities	90,523	89,770	73,832	139,516	-	393,641
Tax payable	9,371	22	204	-	-	9,597
Deferred tax liabilities	1,526	27,243	48,653	-	-	77,422
	101,420	117,035	122,689	139,516	-	480,660
<b>Other information</b>						
Impairment loss on and other receivables	-	-	618	-	-	618
Reversal of impairment loss on trade receivables	-	-	(400)	-	-	(400)
Amortisation of debt issuance costs	-	-	159	-	-	159
Amortisation of deferred income	-	-	(1,164)	-	-	(1,164)
Amortisation of prepaid land lease payment	-	-	4,030	-	-	4,030
Bad debts recovered	-	-	(379)	-	-	(379)
Bad debts written off	-	-	375	-	-	375
Capital expenditure	17	1,275	3,772	199	-	5,263
Depreciation	287	2,989	5,625	137	-	9,038
Loss on disposal of subsidiary companies	-	137	-	-	-	137
Property, plant and equipment written off	-	-	543	-	-	543

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34. Segmental Information (Cont'd)

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
<b>Group</b>						
<b>1.1.2017</b>						
<b>Revenue</b>						
External sales	17,952	22,032	47,344	30	-	87,358
Inter-segment revenue	-	1,589	20,641	7,473	(29,703)	-
Total revenue from continuing operations	17,952	23,621	67,985	7,503	(29,703)	87,358
<b>Results</b>						
Segment results from continuing operations	(17,504)	6,462	(24,795)	(56,418)	50,145	(42,110)
Finance costs						(11,645)
Profit before taxation						(53,755)
Income tax expense						561
Loss after taxation						(53,194)
Non-controlling interest						(1,380)
Loss for the year						(54,574)
<b>Assets</b>						
Segment assets	473,318	260,477	527,613	5,064	-	1,266,472
Current tax asset	190	-	-	3,714	-	3,904
Deferred tax assets	3,645	358	944	-	-	4,947
						1,275,323
<b>Liabilities</b>						
Segment liabilities	83,386	88,128	73,023	125,722	-	370,259
Tax payable	3,155	27,243	48,301	-	-	78,699
Deferred tax liabilities	29,070	(3)	203	-	-	29,270
						478,228
<b>Other information</b>						
Allowance for doubtful debts	2,600	-	11,371	-	-	13,971
Allowance for doubtful debts no longer required for trade receivables	-	-	(959)	-	-	(959)
Amortisation of deferred income	-	-	(1,474)	-	-	(1,474)
Amortisation of prepaid land lease payment	-	-	4,131	-	-	4,131
Bad debts written off	-	-	2,243	-	-	2,243
Capital expenditure	8	566	1,671	38	-	2,283
Depreciation	427	3,535	5,306	218	-	9,486

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### 35. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>At amortised cost RM'000</b>	<b>At fair value through other comprehensive income RM'000</b>	<b>Total RM'000</b>
<b>Group</b>			
<b>31.12.2018</b>			
<b>Financial assets</b>			
Other investments	-	2,734	2,734
Trade receivables	24,678	-	24,678
Other receivables	19,994	-	19,994
Deposits with licensed banks	2,225	-	2,225
Cash and bank balances	9,541	-	9,541
	56,438	2,734	59,172
<b>Financial liabilities</b>			
Trade payables	39,446	-	39,446
Other payables	79,488	-	79,488
Contract liabilities	46,430	-	46,430
Bank overdrafts	20,891	-	20,891
Term loans	203,907	-	203,907
Finance lease liabilities	133	-	133
	390,295	-	390,295

	<b>Loans and receivables RM'000</b>	<b>Financial liabilities at amortised cost RM'000</b>	<b>Available for-sale RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>31.12.2017</b>				
<b>Financial assets</b>				
Other investments	-	-	2,734	2,734
Trade receivables	37,519	-	-	37,519
Other receivables	19,847	-	-	19,847
Deposits with licensed banks	2,650	-	-	2,650
Cash and bank balances	13,517	-	-	13,517
	73,533	-	2,734	76,267

Notes To The Financial Statements  
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**35. Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM'000	Financial liabilities at amortised costs RM'000	Available for-sale RM'000	Total RM'000
<b>Group</b>				
<b>31.12.2017</b>				
<b>Financial liabilities</b>				
Trade payables	-	34,714	-	34,714
Other payables	-	87,871	-	87,871
Contract liabilities	-	41,793	-	41,793
Bank overdrafts	-	29,644	-	29,644
Term loans	-	199,208	-	199,208
Finance lease liabilities	-	411	-	411
	-	393,641	-	393,641
<b>Group</b>				
<b>1.1.2017</b>				
<b>Financial assets</b>				
Other investments	-	-	2,734	2,734
Trade receivables	22,491	-	-	22,491
Other receivables	19,098	-	-	19,098
Deposits with licensed banks	2,834	-	-	2,834
Cash and bank balances	10,022	-	-	10,022
	54,445	-	2,734	57,179
<b>Financial liabilities</b>				
Trade payables	-	37,083	-	37,083
Other payables	-	82,101	-	82,101
Contract liabilities	-	36,971	-	36,971
Bank overdrafts	-	30,939	-	30,939
Term loans	-	181,350	-	181,350
Revolving credits	-	800	-	800
Finance lease liabilities	-	740	-	740
	-	369,984	-	369,984

Notes To The Financial Statements  
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**35. Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	<b>At amortised cost RM'000</b>	<b>At fair value through other comprehensive income RM'000</b>	<b>Total RM'000</b>
<b>Company</b>			
<b>31.12.2018</b>			
<b>Financial assets</b>			
Other investments	-	718	718
Other receivables	756	-	756
Amount due from subsidiary companies	3,423	-	3,423
Cash and bank balances	610	-	610
	4,789	718	5,507
<b>Financial liabilities</b>			
Other payables	-	12,621	12,621
Amount due to subsidiary companies	-	59,546	59,546
Bank overdrafts	-	9,910	9,910
Term loans	-	124,794	124,794
	-	206,871	206,871
<b>31.12.2017</b>			
<b>Financial assets</b>			
Other investments	-	718	718
Other receivables	460	-	460
Amount due from subsidiary companies	80,223	-	80,223
Cash and bank balances	17	-	17
	80,700	718	81,418
<b>Financial liabilities</b>			
Other payables	-	-	12,315
Amount due to subsidiary companies	-	-	135,715
Bank overdrafts	-	-	18,494
Term loans	-	-	111,137
	-	-	277,661

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**35. Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	Loans and receivables RM'000	Available- for-sale RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
<b>Company</b>				
<b>1.1.2017</b>				
<b>Financial assets</b>				
Other investments	-	718	-	718
Other receivables	1,466	-	-	1,466
Amount due from subsidiary companies	79,279	-	-	79,279
Cash and bank balances	24	-	-	24
	80,769	718	-	81,487
<b>Financial liabilities</b>				
Other payables	-	-	15,042	15,042
Amount due to subsidiary companies	-	-	154,497	154,497
Bank overdrafts	-	-	18,744	18,744
Term loans	-	-	88,618	88,618
	-	-	276,901	276,901

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. 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.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks:

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

## Notes To The Financial Statements 31 December 2018

### 35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

The gross carrying amounts of credit impaired trade receivables and are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for banking facilities and supply of goods and services granted to certain subsidiary companies.

The Company's maximum exposure in this respect is RM107,040,905 (31.12.2017: RM116,595,000; 1.1.2017: RM134,830,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimizes liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Group</b>						
<b>31.12.2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	39,446	-	-	-	39,446	39,446
Other payables	79,488	-	-	-	79,488	79,488
Bank overdrafts	20,891	-	-	-	20,891	20,891
Term loans	137,613	20,177	50,337	32,277	240,404	203,907
Finance lease liabilities	54	86	-	-	140	133
	<b>277,492</b>	<b>20,263</b>	<b>50,337</b>	<b>32,277</b>	<b>380,369</b>	<b>343,865</b>

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**35. Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Group</b>						
<b>31.12.2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	34,714	-	-	-	34,714	34,714
Other payables	87,871	-	-	-	87,871	87,871
Bank overdrafts	29,644	-	-	-	29,644	29,644
Term loans	127,316	22,907	50,442	32,329	232,994	199,208
Finance lease liabilities	118	217	100	-	435	411
	279,663	23,124	50,542	32,329	385,658	351,848
<b>1.1.2017</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	37,083	-	-	-	37,083	37,083
Other payables	82,101	-	-	-	82,101	82,101
Bank overdrafts	30,939	-	-	-	30,939	30,939
Term loans	13,434	173,742	-	-	187,176	181,350
Revolving credits	853	-	-	-	853	800
Finance lease liabilities	156	438	147	61	802	740
	164,566	174,180	147	61	338,954	333,013
<b>Company</b>						
<b>31.12.2018</b>						
<b>Non-derivative financial liabilities</b>						
Other payables	12,621	-	-	-	12,621	12,621
Amount due to subsidiary companies	59,546	-	-	-	59,546	59,546
Bank overdrafts	9,910	-	-	-	9,910	9,910
Term loans	124,794	-	-	-	124,794	124,794
	206,871	-	-	-	206,871	206,871

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31 December 2018

**35. Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 2 years RM'000</b>	<b>2 to 5 years RM'000</b>	<b>After 5 years RM'000</b>	<b>Total contractual cash flows RM'000</b>	<b>Total carrying amount RM'000</b>
<b>Company</b>						
<b>31.12.2017</b>						
<b>Non-derivative financial liabilities</b>						
Other payables	12,315	-	-	-	12,315	12,315
Amount due to subsidiary companies	135,715	-	-	-	135,715	135,715
Bank overdrafts	18,494	-	-	-	18,494	18,494
Term loans	111,137	-	-	-	111,137	111,137
	277,661	-	-	-	277,661	277,661
<b>1.1.2017</b>						
<b>Non-derivative financial liabilities</b>						
Other payables	15,042	-	-	-	15,042	15,042
Amount due to subsidiary companies	154,497	-	-	-	154,497	154,497
Bank overdrafts	18,744	-	-	-	18,744	18,744
Term loans	7,388	82,272	-	-	89,660	88,618
	195,671	82,272	-	-	277,943	276,901

(iii) Market risks

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

## Notes To The Financial Statements

### 31 December 2018

#### 35. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

Interest rate risk (Cont'd)

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
<b>Floating rate instruments</b>			
<b>Finance lease liabilities</b>			
Bank overdrafts	20,891	29,644	30,939
Term loans	203,907	199,208	181,350
Revolving credits	-	-	800
Finance lease liabilities	133	411	740
	224,931	229,263	213,829
<b>Company</b>			
<b>Floating rate instruments</b>			
Bank overdraft	9,910	18,494	18,744
Term loans	25,000	-	6,595
	34,910	18,494	25,339

#### **Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group's and the Company's profit/(loss) before tax by RM562,325 (31.12.2017: RM323,158; 1.1.2017: RM534,598) and RM68,525 (31.12.2017: RM46,235; 1.1.2017: RM63,348) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and/or insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

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35. Financial Instrument (Cont'd)

(c) Fair values of financial instruments (Cont'd)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Total Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>31.12.2018</b>								
<b>Financial assets</b>								
Other investment	-	-	2,000	-	-	-	2,000	2,000
Unquoted shares	-	-	-	-	-	734	734	734
Memberships	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
- non-current	-	-	-	-	-	6,912	6,912	6,912
	-	-	2,000	-	-	7,646	9,646	9,646
<b>31.12.2017</b>								
<b>Financial assets</b>								
Other investment	-	-	-	-	-	-	-	-
Unquoted shares	-	-	-	-	-	2,000	2,000	2,000
Memberships	-	-	-	-	-	734	734	734
Trade receivables	-	-	-	-	-	-	-	-
- non-current	-	-	-	-	-	7,427	7,427	7,427
	-	-	-	-	-	10,161	10,161	10,161
<b>1.1.2017</b>								
<b>Financial assets</b>								
Other investment	-	-	-	-	-	-	-	-
Unquoted shares	-	-	-	-	-	2,000	2,000	2,000
Memberships	-	-	-	-	-	734	734	734
Trade receivables	-	-	-	-	-	-	-	-
- non-current	-	-	-	-	-	6,473	6,473	6,473
	-	-	-	-	-	9,207	9,207	9,207

Notes To The Financial Statements  
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35. Financial Instrument (Cont'd)

(c) Fair values of financial instruments (Cont'd)

Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Total Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>31.12.2018</b>								
<b>Financial assets</b>								
Other investment	-	-	-	-	-	718	718	718
Memberships								
<b>31.12.2017</b>								
<b>Financial assets</b>								
Other investment	-	-	-	-	-	718	718	718
Memberships								
<b>1.1.2017</b>								
<b>Financial assets</b>								
Other investment	-	-	-	-	-	718	718	718
Memberships								

## Notes To The Financial Statements 31 December 2018

### 35. Financial Instrument (Cont'd)

(c) Fair values of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using 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).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

### 36. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at end of the reporting period are as follows:

	<b>31.12.2018</b>	<b>Group 31.12.2017</b>	<b>1.1.2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total loans and borrowings	224,931	229,263	213,829
Less: Deposits, Cash and Bank balances	(11,766)	(16,167)	(12,856)
Net Debt	213,165	213,096	200,973
Total Equity	875,197	793,448	797,095
Gearing Ratio	24%	27%	25%

There were no changes in the Group's approach to capital management during the financial year.

## Notes To The Financial Statements

### 31 December 2018

#### **37. Subsequent events**

Mines Marketing Sdn. Bhd., a wholly-owned subsidiary of Golden Horse Palace Berhad, which in turn is a 81% owned subsidiary company of the Company, had on 20 February 2019, acquired the remaining 300,000 ordinary shares representing 50% of the total paid- up share capital of Mines Global Holidays Sdn. Bhd. ("MGH") for a total cash consideration of RM1.00. With the above acquisition, MGH has become a wholly-owned indirect interest subsidiary company of the Company.

#### **38. Comparative Information**

The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were audited by another firm of auditor.

The transition to MFRS does not have financial impact to the separate financial statements of the Company.

#### **39. Date of Authorisation for Issue**

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 April 2019.

## ANALYSIS OF SHAREHOLDINGS

AS AT 2 APRIL 2019

Total number of Issued Ordinary Shares : 273,557,403 (excluding 2,150,000 Treasury Shares)

Voting Rights : One Vote per Ordinary Share

### Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	131	3.04	2,106	0.00
100 - 1,000	1,467	34.01	1,294,066	0.47
1,001 - 10,000	2,387	55.35	8,234,057	3.01
10,001 - 100,000	277	6.42	7,671,370	2.80
100,001 to less than 5% of issued shares	45	1.04	65,068,735	23.79
5% and above of issued shares	6	0.14	191,287,069	69.93
<b>Total</b>	<b>4,313</b>	<b>100.00</b>	<b>273,557,403</b>	<b>100.00</b>

### 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	98,619,413 <sup>(1)</sup>	36.05
2	Lee Cheng Wen	12,389,831	4.53	-	-
3	Chew Chong Eu	-	-	-	-
4	Ong Tee Chin	-	-	-	-
5	Lee Sow Lin	10,000	0.00	-	-
6	Lee Thai Young Matahari	-	-	-	-
7	Yip Chun Mun	11,000	0.00	-	-
8	Dato' Low Kok Thai <sup>(3)</sup>	-	-	-	-

### 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	85,326,600 <sup>(2)</sup>	31.19
2	Country Heights International Sdn Bhd	45,901,600	16.78	-	-
3	Country Heights Venture Sdn Bhd	39,425,000	14.41	-	-
4	Joint Win Investments Limited	16,939,300	6.19	-	-

Notes :

<sup>(1)</sup> 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(1)(c) of the Companies Act, 2016

<sup>(2)</sup> 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

<sup>(3)</sup> Dato' Low Kok Thai is the Group Chief Executive Officer

## LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

AS AT 2 APRIL 2019

Name of Shareholders	No. of Shares	Percentage*
1. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Lim &amp; Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yew</i>	89,021,169	32.54
2. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Country Heights International Sdn Bhd</i>	25,521,790	9.33
3. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Country Heights Venture Sdn Bhd</i>	23,675,000	8.65
4. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	20,379,810	7.45
5. Joint Win Investments Limited	16,939,300	6.19
6. Country Heights Venture Sdn Bhd	15,750,000	5.76
7. Kensington Group Management Limited	13,624,000	4.98
8. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Siva Kumar a/l M Jeyapalan</i>	13,597,800	4.97
9. Lee Cheng Wen	12,389,831	4.53
10. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Sarojini a/p Kandiah</i>	9,742,200	3.56
11. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Lian Hong</i>	1,977,100	0.73
12. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Lian Hong</i>	1,513,400	0.55
13. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Kian Aik</i>	1,000,000	0.37
14. Sim Teck Seng	915,100	0.34
15. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn Bhd</i>	900,000	0.33
16. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lin Poh Yin</i>	773,400	0.28
17. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	740,300	0.27
18. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	669,642	0.25
19. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	555,461	0.20
20. Anchor Point Sdn Bhd	480,000	0.18
21. Malpac Capital Sdn Bhd	468,500	0.17
22. Tan Eng Hock	446,400	0.16
23. Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged securities account – Ambank (M) Berhad for Tan Kian Hong</i>	411,000	0.15
24. Liew Sui Kum	395,600	0.15
25. Tan Lay Yong	328,000	0.12
26. Lim Hong Liang	312,200	0.11
27. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	311,200	0.11
27. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Hong Hong</i>	285,300	0.10
29. Wong Kheng Cheong	220,000	0.08
30. Lee Ching Chik @ Lee See Kew	200,000	0.07
Total	253,543,503	92.68

\* The total number of issued shares of CHHB: 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares).

## ANALYSIS OF WARRANTHOLDINGS

AS AT 2 APRIL 2019

Total Number of Issued Warrants	: 136,778,701
Exercise Price of Each Warrant	: RM1.20
Expiry Date	: 20 December 2023

### Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	209	5.03	6,233	0.00
100 - 1,000	2,533	60.99	1,735,886	1.27
1,001 - 10,000	1,245	29.99	4,104,423	3.00
10,001 - 100,000	136	3.27	4,034,835	2.95
100,001 to less than 5% of issued shares	22	0.53	12,589,851	9.21
5% and above of issued shares	8	0.19	114,307,473	83.57
<b>Total</b>	<b>4,153</b>	<b>100.00</b>	<b>136,778,701</b>	<b>100.00</b>

### Statement of Directors' Warrantholdings

No.	Name of Directors	No. of Shares			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	44,799,999	32.75	50,109,739 <sup>(1)</sup>	36.64
2	Lee Cheng Wen	6,994,915	5.11	-	-
3	Chew Chong Eu	-	-	-	-
4	Ong Tee Chin	-	-	-	-
5	Lee Sow Lin	5,000	0.00	-	-
6	Lee Thai Young Matahari	-	-	-	-
7	Yip Chun Mun	5,500	0.00	-	-
8	Dato' Low Kok Thai <sup>(2)</sup>	-	-	-	-

Notes :

<sup>(1)</sup> 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(1)(c) of the Companies Act, 2016

<sup>(2)</sup> Dato' Low Kok Thai is the Group Chief Executive Officer

## LIST OF THIRTY LARGEST WARRANTHOLDERS

AS AT 2 APRIL 2019

Name of Shareholders	No. of Shares	Percentage*
1. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Lim &amp; Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yew</i>	44,510,584	32.54
2. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Country Heights International Sdn Bhd</i>	12,760,919	9.33
3. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Country Heights Venture Sdn Bhd</i>	11,837,500	8.66
4. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Siva Kumar a/l M Jeyapalan</i>	11,669,000	8.53
5. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	10,189,905	7.45
6. Joint Win Investments Limited	8,469,650	6.19
7. Country Heights Venture Sdn Bhd	7,875,000	5.76
8. Lee Cheng Wen	6,994,915	5.11
9. Kensington Group Management Limited	6,812,000	4.98
10. Sim Teck Seng	680,650	0.50
11. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	659,500	0.48
12. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Kian Aik</i>	500,000	0.37
13. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn Bhd</i>	450,000	0.33
14. RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Yeo Jui Kok</i>	400,000	0.29
15. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	334,821	0.25
16. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	277,730	0.20
17. CitiGroup Nominees (Asing) Sdn Bhd <i>Exempt an for OCBC Securities Private Limited</i>	253,450	0.19
18. Anchor Point Sdn Bhd	240,000	0.18
19. Malpac Capital Sdn Bhd	234,250	0.17
20. Tan Eng Hock	223,200	0.16
21. Hiew Kat Kee	216,100	0.16
22. Liew Sui Kum	207,300	0.15
23. Lim Hong Liang	156,100	0.11
24. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	155,600	0.11
25. Lee Chan Hooi	155,000	0.11
26. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Hiew Kat Kee</i>	152,100	0.11
27. Siva Kumar a/l M Jeyapalan	144,750	0.11
28. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Kho Ping</i>	117,300	0.09
29. Chay Siew Mun	110,000	0.08
30. Wong Kheng Cheong	110,000	0.08
Total	126,897,324	92.78

## LIST OF LANDED PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Mukim of Kajang District of Ulu Langat Selangor	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	25	Freehold	Residential - bungalow land	11.27		2,056	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	1 & half storey detached Kindergarten Commercial Land & Building Within development known as Country Heights Kajang		30	2,000	31/12/18
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 Within development known as Country Heights Kajang	1.33		3,600	31/12/18
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang			1,900	31/12/18
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang	0.22		1,300	31/12/18
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	30	33,937	01/12/10
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	24	80,000	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)	Residential land - Proposed Condo	1.69		467	15/06/93
PN 11297 Lot 1591 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	21	Leasehold (expiring 20.03.2091)	Residential - bungalow land Mines Bungalow Lots	5.29		2,282	15/06/93

## List of Landed Properties Held By The Group As At 31 December 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Mukim of Setul District of Seremban	College Valley Industrial Park	60	Freehold	Industrial land	3.67		2,325	31/03/95
HSD 107578 PT 15456 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Industrial land	0.93		340	31/03/95
Mukim of Setul District of Seremban	College Heights Garden Resort	29	Freehold	Bungalow Houses	5.49	22	13,859	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	289	Freehold	Bungalow Land	56.86		19,693	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	34	Freehold	2-storey shop-office and 3-storey shop-office	1.59	17	9,671	01/06/94
Mukim of Setul District of Seremban	Pangsa Rakyat, Pajam	206	Freehold	Low cost flat/shop	2.90	15	7,420	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	7	Freehold	Institution land	79.43		10,415	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56		1,909	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	3	Leasehold (Expiring 23/08/2095)	Agriculture land	5.37		3,001	06/08/01
Mukim of Setul District of Seremban	College Heights Garden Resort	6	Freehold	Residential and commercial land Residential, hotel, stall, petrol station	9.71		319	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	154	Freehold	Commercial land Shophouse, CC Plaza, Business	12.87		2,630	01/06/94
PT12881 HSD 105003 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	CHGR Bungalow Lot 534	0.17		190	31/12/18
PN 17796 (formerly HSD 10483) Lot 1284 (formerly Lot 1115) Pekan Teluk Kemang District of Port Dickson Negeri Sembilan	Ocean Wave Theme Park	1	Leasehold (expiring 18.12.2089)	Partially constructed Theme Park & service apartments	3.83	13	8,339	27/02/90
Lot 7938 HM 37650 PT No. 2712 Mukim of Setul District of Seremban Negeri Sembilan	Lot 162, Staffield Golf & Country Resort	1	Freehold	Residential - bungalow land	0.21		450	31/12/15

List of Landed Properties Held By The Group  
As At 31 December 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Lot No.15 section 11 Gunung Penrissen Padawan Kuching, Pangkalan Ampat Land District of Sarawak	Borneo Heights	62	Leasehold 198 years	Residential - bungalow land Phase 1~4	27.90		16,240	20/09/94
	Borneo Heights	1	Leasehold 198 years	Residential land Future Development	1,103.95		31,887	20/09/94
	The Hornbill Golf & Jungle Club	1	Leasehold 198 years	Golf Course & Golf Hotel	162.60	18	29,536	27/06/00
Lot 4 (Lot 4756) Geran No. 44342	Jenan Estate, Kubang Pasu,Kedah	72	Freehold	Bungalow Lots KHU Ph1-3 Bungalow Lot	11.16		4,321	08/11/95
Lot 7 Geran No. 7062	Jenan Estate, Kubang Pasu,Kedah	7	Freehold	Bungalow House KHU Bungalow House (Precinct 1 & 2)	1.39		3,366	08/11/95
Lot 6534 Geran No. 25870	Jenan Estate, Kubang Pasu,Kedah	4	Freehold	Future Development KHU Parcel B - Agricultural Land KHU Parcel C - Agricultural Land KHU COMMERCIAL LOT (NORTHEN)	199.36		16,933	08/11/95
Lot 1962 HM 1819	Jenan Estate, Kubang Pasu,Kedah	180	Freehold	Future Development KHU Precint 4 Bungalow Lot	42.60		10,113	08/11/95
Lot 503 HM 614	Jenan Estate, Kubang Pasu,Kedah	48	Freehold	Future Development KHU Phase 2 SHOP OFFICE 48 Lot	4.51		2,808	08/11/95
Lot 11 HM 1672 Jenan, Kedah	Jenan Estate, Kubang Pasu,Kedah	70	Freehold	Future Development Belleza Ph3	4.14		5,142	08/11/95
Lot 1710 HM 1833	PT 1351 HSD 17179 Bandar Darul Aman Kubang Pasu, Kedah	1	Freehold	Sports Living Clubhouse 2 storey Club House with swimming pool and multi-purpose hall	6.46	14	16,000	31/12/18
HSD 34515 P.T. No. 48505 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Cyber Heights Villas	0.04	14	276	11/02/99
	Cyber Heights	2	Freehold	Cyber Residency	0.08	14	663	11/02/99
Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	21	Freehold	Sawtelle Suites	0.35		10,935	11/02/99
HSD 34517 P.T. No. 48507 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	72	Freehold	Signature Villa - Mansion Park	8.63		29,249	11/02/99

## List of Landed Properties Held By The Group As At 31 December 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
HSD 34516 P.T. No. 48506 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Proposed Mixed Development Cyberjaya Ph5 (488 Condo + 45 Double Storey)	9.33		13,530	11/02/99
HSD 220869 P.T. No. 27695 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Future Development Cyberjaya Ph3B Commercial Land	3.59		1,827	11/02/99
HSD 220869 P.T. No. 27695	Cyber Heights	1	Freehold	Club House	3.66	14	7,116	31/12/18
Geran No. 37112 Lot 826 Mukim of Batu District of Kuala Lumpur 52000 Kuala Lumpur	CH Damansara	1	Freehold	Bungalow House	0.22	9	6,136	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 Agricultural land principally approved for residential development	62.02		10,555	14/04/04
Lot 1578 HSD 91910 Pekan Baru Sungai Besi District of Petaling Selangor	Golf View Apartments PT 16714 HSD 59886	2	Leasehold (expiring 20.3.2091)	Recreational & Commercial land PT6 and PT7	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	21	186,939	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 building	5.75	25	65,087	29/02/08
		1		A parcel of trousdale land reserved for property development	3.50		3,571	29/02/08
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC) PN 30898, Lot 1586	1	Leasehold (expiring 20.3.2091)	Exhibition Centre 3 and half storey exhibition cum convention centre building with 2 basement level carparks	6.74	21	181,708	01/07/03
		1	Leasehold (expiring 20.3.2091)	Venice Walk Two Link Bridges		20	839	01/07/03

List of Landed Properties Held By The Group  
As At 31 December 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
HSD 59887 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Completed commercial building Phase 1 : Block A,B,C,D,E unsold portion	6.30	20	113,700	31/12/18
		45	Leasehold (expiring 20.3.2091)	Partially completed commercial building Phase 2 : Block 4,5,6,7, Retails	5.75		82,763	31/12/18
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational & commercial building Single storey building as restaurant	1.81		13,634	25/09/98
HSD 59890 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Tourism & Recreational submerged land forming a lake	153.45		5,000	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	Leasehold (expiring 12.11.2088)	Palace Vacation Club	28.66	23	3,332	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	21	672	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	7	1,061	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	19	722	21/05/02
NGL886853 City Road London	Bezier Apartment London	1	Leasehold	Apartments	0.01	6	1,937	28/04/11
Erf 910	Extension 11 482 JQ North West Province South Africa	1	Freehold	Corporate Lodge	0.13	18	558	31/12/99

List of Landed Properties Held By The Group  
As At 31 December 2018

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date	
Erf 470	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Clubhouse	8.37	20	491	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 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	172.73		8,290	01/06/03	
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	20		01/06/03	
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03			01/06/03	
Erf 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86	20		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			01/06/03	
					2,371.32			1,163,353	

\* Net Book Value are based on individual company's book.

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 35th 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, 26 June 2019 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 2018 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 2018. *(Resolution 1)*
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM120,000 from 26 June 2019 until the next Annual General Meeting of the Company. *(Resolution 2)*
4. To re-elect Ms. Lee Cheng Wen, who is retiring pursuant to Article 102 of the Company's Constitution (Articles of Association), as Director of the Company, and being eligible, has offered herself for re-election. *(Resolution 3)*
5. To appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 4)*

#### As Special Business

To consider and, if thought fit, with or without any modification, to pass the following Resolutions:-

#### 6. Ordinary Resolution

##### 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 5)*

## Notice of Annual General Meeting

### 7. Ordinary Resolution

#### 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 Constitution (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 profits 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 6)*

### 8. Ordinary Resolution

#### Retention of Mr. Chew Chong Eu as Independent Non-Executive Director

“THAT 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 2017.”

*(Resolution 7)*

## Notice of Annual General Meeting

### 9. **Special Resolution**

#### **Proposed Adoption of a New Constitution of the Company**

“THAT approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix A in the Circular to Shareholders be and is hereby adopted as the Constitution of the Company;

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

*(Resolution 8)*

10. 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  
30 April 2019

#### **Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy (subject always to a maximum of 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 19 June 2019 shall be eligible to attend the 35th 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 twenty-four (24) 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.

## Notice of Annual General Meeting

### **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 5 is to renew the authority granted by the Shareholders of the Company at the 34th Annual General Meeting ("AGM") held on 27 June 2018. 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 capital of 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 34th AGM held on 27 June 2018.

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).

3. The proposed Ordinary Resolution 6, 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.
4. The proposed Ordinary Resolution 7, 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 Corporate Governance Overview Statement in the Annual Report 2018.
5. The proposed Special Resolution 8, if passed, will bring the Company's Constitution in line with the Companies Act, 2016 and the amended Main Market Listing Requirements of Bursa Securities as well as to enhance administrative efficiency. The proposed new Constitution is set out in Appendix A of the Circular to Shareholders dated 30 April 2019.
6. Statements Accompanying the Notice of Annual General Meeting – Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities, the Notice convening an AGM is to be accompanied by a statement furnishing details of individuals who are standing for election as directors (excluding directors standing for a re-election).

No individual is standing for election as a Director of the Company at the 35th AGM.



# 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	%
1.				

and/or

2.				
----	--	--	--	--

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 35th 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, 26 June 2019 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.

Resolution	Agenda	For	Against
1.	To approve the payment of Directors' fees		
2.	To approve the payment of Directors' remuneration		
3.	To re-elect Ms. Lee Cheng Wen as Director		
4.	To appoint Messrs. UHY as Auditors and to authorise the Directors to fix their remuneration		
5.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
6.	To approve the Proposed Renewal of Authority for the Purchase of its Own Shares by the Company		
7.	To authorise Mr. Chew Chong Eu to continue in office as Independent Non-Executive Director		
8.	To adopt the new Constitution of the Company		

\* Strike out whichever not applicable

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Signature/Common Seal of Shareholder \_\_\_\_\_

#### Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy (subject always to a maximum of 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 19 June 2019 shall be eligible to attend the 35th 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 twenty-four (24) 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.

Fold this flap for sealing

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Then fold here

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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

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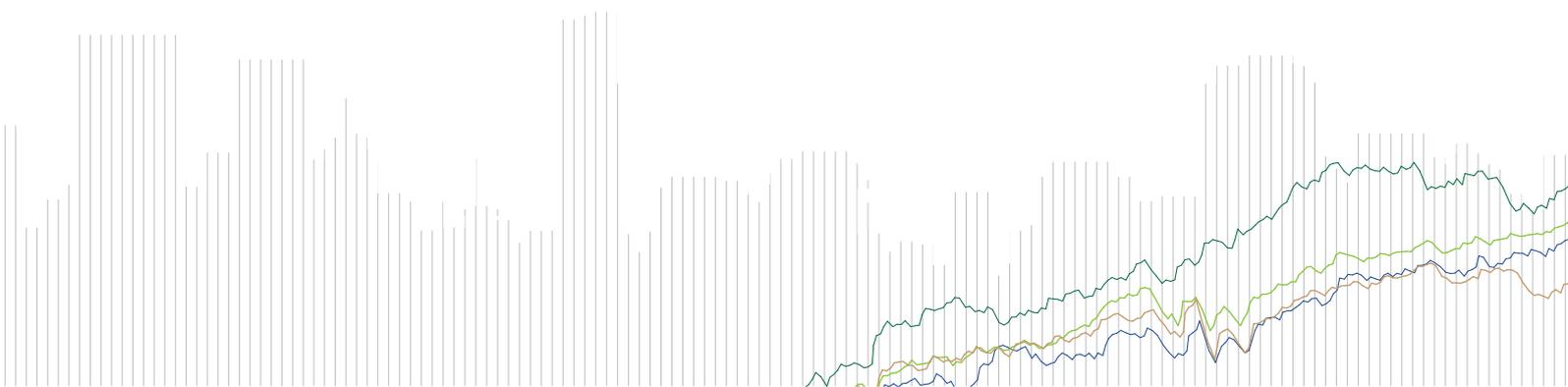
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