



# Touching Lives Improving Life



Country Heights Holdings Berhad

119416-K



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# Corporate Information

## BOARD OF DIRECTORS

**General Tan Sri (Dr)  
Mohamed Hashim Bin Mohd Ali (Rtd)**  
*Chairman, Independent Non-Executive Director*

**Tan Sri Lee Kim Tiong @ Lee Kim Yew**  
*Deputy Chairman, Non-Independent  
Non-Executive Director*

**Mark Victor Rozario**  
*Group Managing Director, Non-Independent  
Executive Director*

**Academician Tan Sri Datuk  
Dr. Ong Soon Hock**  
*Independent Non-Executive Director*

**Nik Hassan Bin Nik Mohd Amin**  
*Independent Non-Executive Director*

**Chew Chong Eu**  
*Independent Non-Executive Director*

**Chew Cheng Keat**  
*Non-Independent Non-Executive Director*

## COMPANY SECRETARY

**Heng Lee Ping**

## REGISTERED OFFICE

8th Floor, Block A,  
MINES Waterfront Business Park  
3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel: 603-8943 8811 Fax: 603-8941 1470

## AUDITORS

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium, Jalan Damanlela  
Pusat Bandar Damansara, 50490 Kuala Lumpur

## PRINCIPAL BANKERS

CIMB Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad

## SHARE REGISTRARS

Shareworks Sdn Bhd  
No.10-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Tel: 03-6201 1120  
Fax: 03-6201 3121

## SOLICITORS

Chee, Fabli & Adrian Han  
CT Choo & Co  
Jeff Leong, Poon & Wong  
Lee Perara & Tan  
Soo Thien Ming & Nashrah

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
(Main Board)





# Profile of Board of Directors



## Profile of Board of Directors



**Y. Bhg. General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)**

*Chairman,  
Independent Non-Executive Director  
Malaysian, 73 years of age*

General Tan Sri (Dr) Mohamed Hashim was appointed Chairman of CHHB on 20 August 1993. He is also the Chairman of the Nomination Committee and a member of the Remuneration and Audit Committees of the Board.

He attended the Harvard Business School Advanced Management Program where he acquired a Diploma in Advanced Business Management, and was conferred an Honorary Doctorate by the University of Salford, United Kingdom in January 1999.

General Tan Sri (Dr) Mohamed Hashim joined the Malaysian Armed Forces in 1953 and was commissioned into the Royal Malay Regiment in 1956 after attending a series of military officer cadet courses both in Malaysia and overseas. He served in the Malaysian Armed Forces for approximately 40 years until his retirement as the Chief of the Defence Forces. During his term in the Malaysian Armed Forces, he initiated the re-organisation and modernisation of the Army.

Apart from serving CHHB, General Tan Sri (Dr) Mohamed Hashim also sits on the Board of Ajinomoto (Malaysia) Berhad, Delloyd Ventures Berhad, Hong Leong Financial Group Berhad, Borneo Highlands Hornbill Golf & Jungle Club Berhad, Mines Resort Berhad and Excellence Golf Resort 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 as disclosed on page 150 of the Annual Report.

He attended all the 3 Board Meetings of CHHB held during the financial year ended 31 December 2007.



## Profile of Board of Directors

**Y. Bhg. Tan Sri Lee Kim Tiong**  
**@ Lee Kim Yew**  
*Deputy Chairman,*  
*Non-Independent Non-Executive Director*  
*Malaysian, 52 years of age*

Tan Sri Lee, the founder of the Company, was first appointed to the Board on 1 October 1986. He is also a member of the Remuneration Committee of the Board. Tan Sri Lee relinquished his position as Group Managing Director on 22 April 2008 and was re-designated as Deputy Chairman of the Company.

Tan Sri Lee has more than 30 years of experience in various capacities in the building and property development industry. His vast experience and entrepreneurial skills add synergy to the business activities of CHHB Group of Companies.

Tan Sri Lee is credited with transforming the world's largest open cast tin mine into a resort city with breathtaking landmarks such as Palace of the Golden Horses, Palace Beach and Spa, Mines Shopping Fair, Mines Waterfront Business Park, Malaysia International Exhibition and Convention Centre, Mines Wonderland and Mines Resort & Golf Club that has earned The Mines Resort City the National Creativity & Innovation Award by the Malaysian Design Technology Centre in 2004.

Tan Sri Lee also pioneered the concept of country living at Country Heights Kajang which earned the Group the Best Residential Property Development Award by FIABCI in 1992. The prestigious Palace of the Golden Horses received "The Best New City Hotel" award in Asia by Travel Trade Gazette Magazine, and is recognised as one of the world's hottest new hotels by Conde Nast Traveller Magazine. Recently, the hotel received another prestigious international award by Travel Weekly China, recognising Palace of the Golden Horses as the Best MICE Facility and Service Hotel 2007 - Outbound.

For his contribution, he has been accorded the 'Property Man of the Year' and 'Director of the Year' awards, and recognised for making the 'Most Outstanding Contribution in the Tourism Sector' in 1996/1997.

Presently, Tan Sri Lee sits on the Board of Golden Horse Palace Berhad (formerly known as Mines City Hotel Berhad), Mines Resort Berhad, Excellence Golf Resort Berhad and Plentiful Gold-Class 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 as disclosed on page 150 of the Annual Report. He is a major shareholder of CHHB by virtue of his direct interest and substantial shareholdings in Golden Touch Venture Sdn Bhd as disclosed in page 163 of this Annual Report.

He attended all the 3 Board Meetings of CHHB held during the financial year ended 31 December 2007.





## Profile of Board of Directors



**Mr. Mark Victor Rozario**  
*Group Managing Director,  
 Non-Independent Executive Director  
 Malaysian, 44 years of age*

Mr. Rozario was appointed to the Board on 22 April 2008. He graduated with a Bachelor in Economics from the London School of Economics.

Mr. Rozario is a Chartered Accountant by profession with extensive experience in general management, accounting and corporate finance. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants.

Mr. Rozario commenced his professional career with KPMG Peat Marwick, London, and spent 5 years in a Banking and Finance audit department. In 1991, he joined the internal audit division of the Paris headquarters of Schlumberger Limited, a global oilfield service group, and later assumed the position of Financial Controller of the East Asia Division. Thereafter, he was attached to Sunway Group for more than 10 years in various senior positions. His last position was as Group Finance Director of Sunway Holdings Incorporation Berhad. He left Sunway Group in April 2008 and joined CHHB as Group Managing Director.

He sits on the Board of Golden Horse Palace Berhad (formerly known as Mines City Hotel Berhad), Country Heights Property Development Berhad, Country Heights Lifestyle Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad.



**Y. Bhg. Academician  
 Tan Sri Datuk Dr. Ong Soon Hock**  
*Independent Non-Executive Director  
 Malaysian, 73 years of age*

Academician Tan Sri Datuk Dr. Ong joined the Board of CHHB on 20 August 1993. He is the Chairman of the Remuneration Committee and a member of the Nomination and Audit Committees of the Board.

Academician Tan Sri Datuk Dr. Ong has made remarkable achievements in both the academic and scientific fields. A graduate of University of Malaya with a Master in Chemistry, and PhD in Organic Chemistry from University of London King's College, Academician Tan Sri Datuk Dr. Ong is internationally recognised in the field of lipid chemistry with over 45 years of research and development experience. He has 14 patents in the technology of palm oil to his credit, and has published more than 380 articles.

He is the President of the International Federation of Inventors Association, Founder President of the Malaysian Senior Scientists Association, the Malaysia Oil Scientists and Technologists Association as well as the Malaysian Invention and Design Society. He also serves as an Advisor to the Confederation of Scientific and Technological Associations in Malaysia, a Director of Malaysian-American Commission on Educational Exchange, an Adjunct Professor at Sunway University College, a member of International Editorial Board of Journal of Food Lipids, a member of International Advisory Council, University Tunku Abdul Rahman and University Technology Petronas and a Director of Plentiful Gold-Class Berhad. He was also recently appointed by Universiti Sains Malaysia as Emeritus Professor.

In recognition of his immense contributions to palm oil industry, he was bestowed with several awards such as the Federation of Asian Chemical Societies First Award for Distinguished Contribution to Economic Advance with respect to palm oil in 1991, the First Asian Achievement Award for Research and Development by Asean Institute in 1992, the Malaysian Scientific Association Golden Jubilee Award in Oil Palm Research in 2005, the Distinguished Science Alumni Award 2006 from National University of Singapore, and the Senior Citizens Golden Years Award in 2007.

He attended all the 3 Board Meetings of CHHB held during the financial year ended 31 December 2007.





## Profile of Board of Directors

Encik Nik Hassan became a member of the Board of CHHB on 29 April 2008. He is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of the Board.

He graduated with a degree in Economics from the University of Malaya in 1971 and has more than 35 years of experience in banking and finance, covering commercial banking, stock broking, factoring and merchant banking.

He joined Bank Bumiputra Sdn Bhd as Sub-Accountant in 1971. During his career with Bank Bumiputra Malaysia Berhad, he held various key positions within the group. He was appointed, inter-alia, the Chief Executive Officer and Executive Director of BBMB Securities Sdn Bhd, Chief Executive of BBMB Factoring Berhad, Executive Director and Chief Executive of Bumiputra Merchant Bankers Berhad, as well as Director of various subsidiaries of the bank including South East Asian Bank Ltd, Mauritius. His last position with the group was as the Executive Vice President of Corporate Banking Treasury and International Banking Division.

Encik Nik Hassan is also on the Board of Danamodal Nasional Berhad and Golden Horse Palace Berhad (formerly known as Mines City Hotel Berhad).



**Encik Nik Hassan Bin Nik Mohd Amin**  
*Independent Non-Executive Director*  
*Malaysian, 58 years of age*

Mr. Chew was appointed to the Board on 29 April 2008. He is also a member of the Audit Committee of the Board.

Mr. Chew, a member of the Malaysian Institute of Accountants, is a Chartered Accountant with Ernst & Young with over ten years of experience in insolvency and financial rescue in Malaysia and Australia. He also has experience in advising financially troubled companies as well as Australian companies looking to invest in Asia and vice versa. In addition, Mr. Chew was Head of Corporate Finance for Schroders Malaysia and Perdana Merchant Bankers Berhad, where he successfully carried out several merger and acquisition transactions, and assisted companies in various industries to restructure for the purpose of an Initial Public Offering.

In 2000, he led Hanifah, Teo & Associates into a joint venture with BDO Binder to form BDO Capital Consultants Sdn Bhd ("BDO"). While as Chief Executive Officer of BDO, he was also appointed as corporate adviser for various debt restructuring exercises of public listed and private companies and was involved in the turnaround of various companies. Whilst with BDO, he was also involved in numerous corporate advisory assignment in Thailand and Vietnam, in collaboration with BDO International member firms in those countries.

In 2005, together with a majority of his colleagues in BDO, he established Covenant Equity Consulting Sdn Bhd to provide quality corporate finance and advisory services with personal touch, and was appointed Advisor for PKF Malaysia, a member firm of a premier international accounting network, in 2008.

Mr. Chew has no directorship in other public companies.



**Mr. Chew Chong Eu**  
*Independent Non-Executive Director*  
*Malaysian, 46 years of age*

## Profile of Board of Directors



**Mr. Chew Cheng Keat**  
*Non-Independent Non-Executive Director*  
*Malaysian, 46 years of age*

Mr. Chew was appointed to the Board on 29 April 2008. He graduated with a Bachelor of Economics from Macquarie University, New South Wales, Australia. He is also a Fellow of the Certified Public Accountants Australia and the Institute of Certified Public Accountants of Singapore.

Mr. Chew began his career with an international accounting firm and was engaged in a wide variety of financial and management consulting assignments before joining Jafco Investment (Asia Pacific) Ltd ("Jafco Asia") in 1992.

He has been involved in the venture capital and private equity industry for more than 14 years. In February 2000, he became the first non-Japanese to be appointed as Executive Director of Jafco Asia. Mr. Chew was a key member of the management team largely responsible for Jafco Asia's success with particular contributions in various areas that includes evaluation, business development, fundraising and portfolio administration. Mr. Chew has reviewed and assessed more than 250 companies across Asia. During this time, he held directorships in numerous private and public companies in the region, and was an advisor to several major regional investment funds. He was appointed Managing Director of Jafco Asia in 2004.

Mr. Chew joined Mines Resort Berhad as Chief Executive Officer in November 2007. He is an Independent Director of Singapore listed Asiasons Capital Ltd, a private equity firm, and is also the Chairman of the Investment Committee of the Singapore Unit Trusts Limited.

Save as disclosed, Mr. Chew has no directorship in other public companies.

### Notes:

1. Save as disclosed above, none of the Directors have:-
  - a. any family relationship with any directors and/or major shareholders of the Company; and
  - b. any conflict of interest with the Company
2. None of the Directors have been convicted for offences within the past 10 years other than traffic offences, if any.



## Profile of Senior Management

Dato' Ong pursued his tertiary education at Kolej Tunku Abdul Rahman, specialising in Building Technology, and is an Associate Member of the Chartered Institute of Builders, United Kingdom.

Dato' Ong's involvement in the property industry spans a period of over 25 years. He started his career with Jones Lang Wootton as a real estate agent in 1981. Since joined CHHB in 1987, he has held various key senior positions such as Marketing Director, Executive Director and Chief Operating Officer.

In his role as Chief Executive Officer of Property Development Division, he also directly heads the marketing team and is primarily responsible for the development and implementation of the marketing plans and strategies.



**Dato' Ong Chong Sek**  
*Chief Executive Officer,  
Property Development Division*



**Ms. Lee Sow Lin**  
*Chief Executive Officer  
Property Investment Division*

Ms. Lee graduated with a Bachelor of Economics from Monash University, Melbourne, Australia. She brought with her a wealth of experience in the field of corporate banking. She was previously attached to Hong Leong Group for 15 years, holding various senior positions which include Head of the Property Loans Division with Hong Leong Finance, Senior Manager of Corporate Banking Division of Hong Leong Bank and later as Head of Commercial Banking Division of Hong Leong Bank.

Ms. Lee was earlier attached to the private arm of Tan Sri Lee Kim Tiong@ Lee Kim Yew, in 1999, managing Tan Sri Lee's private companies' gearing and funding requirements and also overseeing his companies' corporate finance matters. She joined CHHB as an Executive Director in early 2004.

In her current role as Chief Executive Officer of Property Investment Division, she oversees the rental and leasing business of the Group which includes 2 investment properties, namely Mines Waterfront Business Park Phase 1 (existing 5 office blocks), and Malaysia International Exhibition and Convention Centre, and also the up and coming Phase 2 of Mines Waterfront Business Park.

A British national, Mr. Pack holds a Master of Business Administration from Brunel University, United Kingdom.

He has more than thirty years of experience with more than twenty years of those spent in health care in both the private and public sectors in South East Asia, as well as international experience in USA, UK, Singapore and Malaysia.

He was attached to Gleneagles Intan Medical Centre Kuala Lumpur and assumed the position of Chief Executive Officer over the last eight years prior to joining CHHB Group.

In his role as Chief Executive Officer of Hospitality, Leisure & Health Division, he oversees the two hotels, Palace of the Golden Horses and Palace Beach & Spa, the timeshare vacation club, the health screening centres and the resort club at Borneo Highlands.



**Mr. Stuart James Venner Pack**  
*Chief Executive Officer  
Hospitality, Leisure & Health Division*

# Chairman's Statement

"We expect the Group's Property Development to continue to deliver strong results from our niche in the high-end luxury country lifestyle market."

Y. Bhg. General Tan Sri  
(Dr) Mohamed Hashim Bin Mohd Ali (Rtd)  
*Chairman*



On behalf of the Board of Directors of Country Heights Holdings Berhad ("CHHB"), I am pleased to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 December 2007.

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2007, the Group registered a net profit after tax of RM99.8 million. The Group also recorded a higher revenue of RM258.5 million compared to last year of RM213.2 million. Higher revenue for the current year was mainly contributed by Property Development, Hotel Operations and Medical Tourism segment. Property Development contributed 35% to the Group's revenue in year 2007, mainly from projects in Country Heights Damansara, Kolej Heights Utara and Borneo Highlands Resort.

Property Development Division remains the major contributor to the Group's profit for the year 2007 apart from gain on disposal of Mines Shopping Fair of RM82.9 million before taking into account the reversal of deferred tax liability amounting to RM35.3 million.

Revenue from Hotel Operations increased by 21% from RM45.3 million to RM54.6 million as compared to last year. Revenue from Medical Tourism also increased by 10% from RM25.5 million to RM28.1 million.

During the financial year, the Group substantially reduced its borrowing from RM837 million to RM404 million as compared to last year, and improved its gearing from 1.5 times to 0.6 times. This resulted from the early redemption of Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A") amounting to RM420 million four years ahead of schedule. As the Group is now at a comfortable gearing level, the focus on moving forward will be on expanding our core businesses.





## DIVIDENDS

After considering the Company's financial and cash flow positions, the Board of Directors does not recommend any payment of dividend for the year ended 31 December 2007.

## CORPORATE DEVELOPMENT

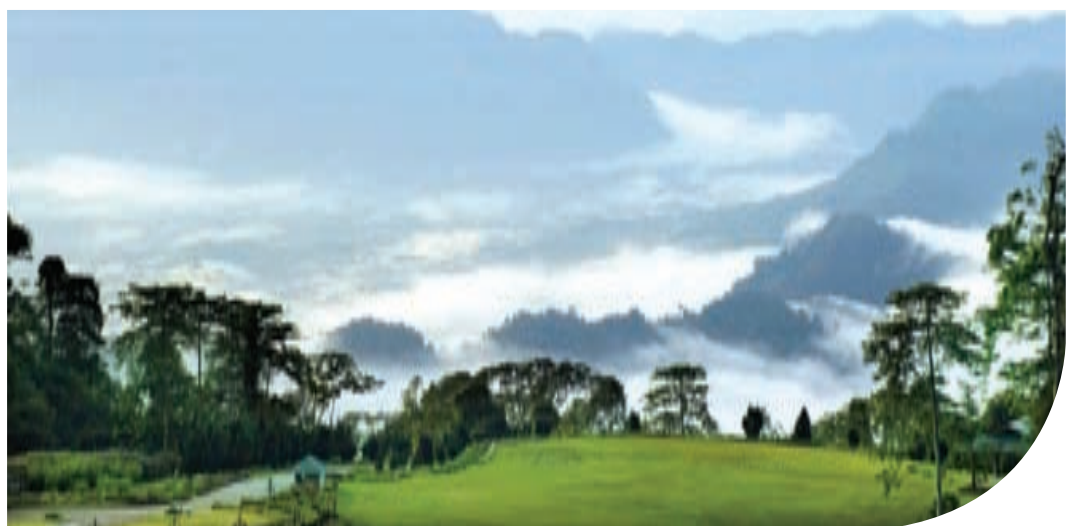
### Investment in an associate – Dragon Spring Investment (Labuan) Limited

On 10 April 2007, Country Heights China Ltd ("CHCLtd"), a wholly-owned subsidiary of Country Heights Holdings Berhad, entered into a Share Subscription Agreement with Dragon Spring Investment (Labuan) Limited ("Holding Company") and Earthlodge Investments Limited & Associates ("Shareholders") wherein the Holding Company has offered and CHCLtd has agreed to subscribe for 900,000 ordinary shares of US\$1.00 each in the capital of the Holding Company at an issue price of US\$1.00 per share. The Holding Company and Dragon Spring Water Services Limited ("HK Company"), a wholly owned subsidiary are both investment holding companies and by a Concession Agreement dated 26 October 2006 signed between the HK Company and the City Government of Tianchang City, People's Republic of China, the HK Company was granted a thirty (30)

year concession to undertake the business to build, operate and own the water supply system located in Tianchang City, People's Republic of China upon the terms and conditions contained in the Concession Agreement. Upon completion of the subscription, the Shareholders shall hold 1,300,000 shares at US\$1.00 each and CHCLtd shall have 900,000 shares. The parties intend to invite additional parties to apply and subscribe for the shares in the Holding Company and, as such, CHCLtd shall ultimately hold not less than 20% of the total shareholdings in the Holding Company.

### Purchase of 23 parcels of freehold land located in Mukim of Rasa and Mukim of Batang Kali

On 12 June 2007, the Group announced that PRS Homes Sdn Bhd, a wholly-owned subsidiary of CHHB, had entered into a Sale and Purchase Agreement with Silver Concept Sdn Bhd for the acquisition of 23 parcels of freehold land located in Mukim of Rasa and Mukim of Batang Kali having a total area of approximately 2,073 acres free from all encumbrances and with vacant possession for a total consideration of RM56 million. The proposed acquisition is in line with the core activities of the Group which are property development and investment. It also provides an opportunity for the Group to expand its existing property development portfolio.



## Chairman's Statement

### Disposal of Investment Property – Mines Shopping Fair

On 16 August 2007, the Group announced that Mines Shopping Fair Sdn Bhd ("MSFSB"), a wholly owned subsidiary of East Vision Leisure Group Sdn Bhd, which, in turn, is a wholly owned subsidiary of CHHB, has entered into Sale and Purchase Agreement ("SPA") with Mutual Streams Sdn Bhd ("MSSB") to dispose of the piece of leasehold land and buildings known as Mines Shopping Fair for a cash consideration of RM432 million. In addition, MSFSB has agreed to grant MSSB a call option and MSSB has agreed to grant MSFSB a put option in respect of a lease over Venice Walk Land and Building (as defined in the SPA) upon the terms set out in the SPA. The exercise price payable under the put and call option in respect of the lease over Venice Walk Land and Building is RM3 million.

### Early Redemption of the Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A")

On 19 December 2007, the Group redeemed its RCSLS Series A of RM420 million, four years ahead of schedule, following the disposal of its investment property, Mines Shopping Fair at RM432 million.







## Chairman's Statement

### FUTURE PROSPECTS

#### Prospects for 2008

Looking forward, the prospects for residential properties are expected to remain positive. The recent waiver of Real Property Gains Tax, allowing of withdrawals from EPF to finance house mortgage instalments, relaxation of FIC ruling, establishment of the one-stop-centre to expedite building and development planning approvals process to boost the property market coupled with the forecast Gross Domestic Product ("GDP") growth of 6.5%, lead us to believe that the uptake for residential units will remain strong, notwithstanding the potential costs increase on raw materials for construction which will increase the selling prices of these residential units. As such, we expect our Country Heights Damansara, Kolej Heights Utara and Borneo Highlands Resort projects to see a reasonable take up rate. Going forward, we shall continue to closely monitor market trends as well as rising costs of construction before embarking on any new developments. Whilst being cautious, we will continue to move forward with our new project, namely Mines Golf City, on the newly acquired land with a land area of approximately 2,073 acres at Mukim of Rasa / Batang Kali.

In Budget 2007, the Government introduced a reduction in corporate tax by two percentage points in two stages, to 27% in 2007 and 26% in 2008. Furthermore, in Budget 2008, the Government further reduced the corporate tax rate by another 1% to 25% in 2009. This helped to reduce the cost of doing business and accorded companies with greater capacity to expand capital spending.

The strong growth in the service sector of 9.7% was supported by robust domestic demand and tourism activities which benefited from Visit Malaysia Year 2007 promotion. In this regard, our hotel segment recorded 21% growth in revenue.

The outlook for the Malaysian economy in 2008 remains favorable with GDP projected to expand by 5 – 6% in 2008. Private investment activities will remain robust, benefiting from measures implemented by Government to

further improve the business environment which include the reduction in corporate tax rate, as well as intensifying of projects under the 9MP and the economic corridors.

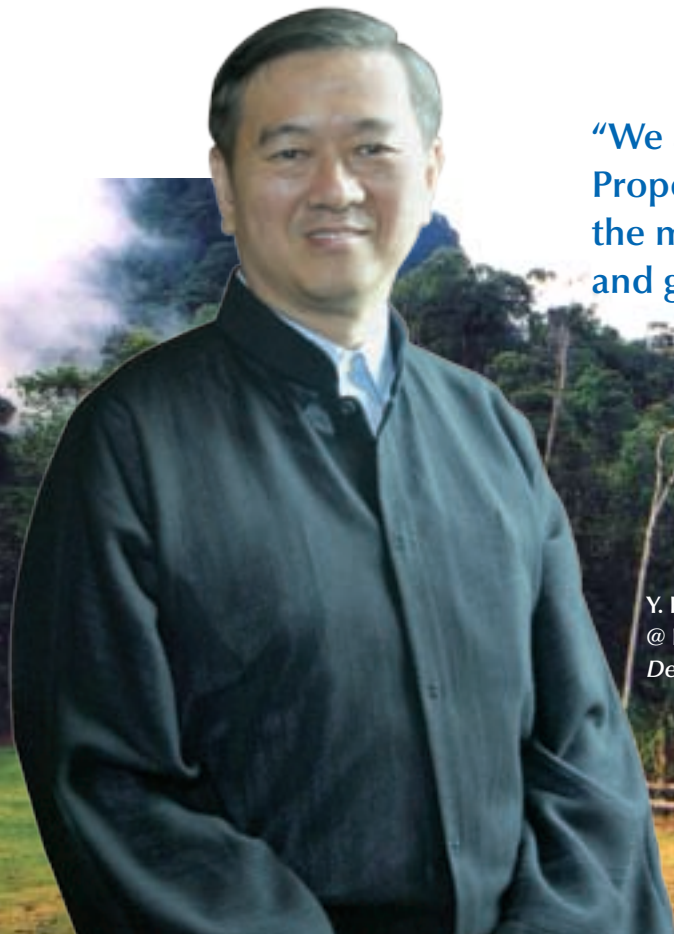
Barring unforeseen circumstances, the Group expects the next financial year's results to be satisfactory.

### ACKNOWLEDGEMENT

I wish to take this opportunity to express my sincere gratitude and appreciation to Dato' Azhar Bin Hashim, Mr. Choo Chin Thye, Ms. Ng Nyi Hong, Encik Abu Yazid Bin Muharam and Mr. Choo Chee Beng who have resigned from the Board, and welcome Mr. Mark Victor Rozario, the new Group Managing Director and Encik Nik Hassan Bin Nik Mohd Amin, Mr. Chew Chong Eu and Mr. Chew Cheng Keat as the new Non-Executive Directors to the Board. I would also like to record my deepest appreciation to all the employees for their dedication and my utmost gratitude to all of our customers, shareholders, financiers, business associates and government authorities for their ongoing support and trust.



# Message from the Founder



**“We are confident that our core businesses in Property Development will be able to make the maximum benefits out of the domestic and global opportunities”**

**Y. Bhg. Tan Sri Lee Kim Tiong**  
**@ Lee Kim Yew**  
*Deputy Chairman*

In year 2007, the performance of the Group improved despite uncertainty in the global economic environment. Overall revenue grew by 21% with a turnaround from loss of RM36 million in last year to a profit of RM99.8 million, mainly contributed by the Property Development, Hotel Operations and Rental Operations segments and the gain on the disposal of the Mines Shopping Fair.

During the year, the Group disposed of one of its commercial assets, the Mines Shopping Fair, for a consideration of RM432 million. This is one of our plans to reduce the Group's debts to an appropriate level. Other properties being targeted for sale are Malaysia International Exhibition and Convention Centre and Mines Waterfront Business Park. The disposal of these assets and further reduction of its debts level is aimed at placing the Group on a strong financial footing to grow its core businesses.

The Group will continue to focus on property development and ride on the benefit arising from the scrapping of the real property gain tax and easier foreign investment rules. We believe that the success of development projects are always driven by originality and innovative concepts. To create more projects with innovative concepts, the Group entered

into Sale and Purchase Agreement with Silver Concept Sdn Bhd on 12 June 2007, to acquire 23 parcels of freehold land located in Mukim of Rasa and Mukim of Batang Kali with a total land area of approximately 2,073 acres.

This project in Mukim of Rasa and Batang Kali will be named Mines Golf City, which will be based on the concept of an upscale “green & green” township with a forest theme, and is poised to become Malaysia's largest 63-hole golf course development designed by Annika Sorenstam. Every home will face the golf course, and every open space will be covered with greenery and trees, making it a little forest in the north of Metropolitan Kuala Lumpur. Included in the development plans are a luxurious 5 star hotel cum clubhouse, a medical centre, a country retail mall, and possibly, a world class entertainment centre.

Kolej Heights Utara, our project in Kubang Pasu, Kedah will be launching 2½-storey shop offices in 2008. While the innovative and debonair super-link sport living homes, featuring wide spaces and private gardens, with seamless blending of indoor and outdoor spaces, scheduled to be launched by third quarter of 2008.





In November 2007, we proudly launched Swan Lake Forest at Borneo Highlands in Kuching, Sarawak. This phase comprises of 46 bungalow lots with sizes ranging from 10,500 s.f. to 68,600 s.f. The undulating lands are unique in that some plots enable bungalows to be perched on the slope, sitting on top of the hill. Owners can enjoy the beauty of the mountains, the golf course and the swan lake with refreshing mountain air scented with the fragrance of Mother Nature, as well as the relaxed and peaceful environment surrounding the land.

Our hotel operations marked a few milestones in 2007. Kim Ma Chinese Restaurant in Palace of the Golden Horses was awarded the Best Chinese Restaurant by Ministry of Tourism Malaysia in June 2007. In December 2007, the hotel received another prestigious international award recognising Palace of the Golden Horses as the Best MICE Facility and Service Hotel 2007- Outbound by Travel Weekly China. In October 2007, the Golden Horses Health Sanctuary started operations in the newly renovated Traditional Chinese Medicine Centre dedicated to preventive medicine. The new health sanctuary further reinforces the concept of Wellness at the hotel by offering an exceptional line of complementary traditional Chinese services such as Tuina, Acupuncture, Gua Sha, Cupping, Qi Gong exercise and more.

Not forgetting our corporate social responsibilities to the nation, Country Heights Health Tourism (CHHT) has initiated a sponsorship programme allowing 500 less fortunate Malaysians to undergo mammogram screening at our centres. CHHT has also contributed an amount of RM25,000 to the National Heart Institute Foundation (IJN) through the Passions Royal Charity Ball held at Palace of the Golden Horses.

The Group has focused on continuous growth and is well-positioned for further expansion and development with the planned implementation of the Mines Golf City project in Mukim of Rasa and Batang Kali.

I have relinquished my executive role in the Group to the new Group Managing Director, Mr. Mark Victor Rozario, who joined the Group on 22 April 2008. Under the restructuring exercise, the Group's businesses will be re-categorized into three divisions, namely Property Development, Property Investment and Hospitality, Leisure & Health. These three divisions will have their respective CEOs who report to the Group Managing Director. I am confident the new team will succeed in rejuvenating the Group and take it to new heights in each of these three divisions.





# Property Development







With property development as its core business, Country Heights Holdings Berhad has borne many success stories since its incorporation in 1984. Today, the Group has achieved a much-coveted international stature and reputation in the property industry.



## Property Development

### COUNTRY HEIGHTS DAMANSARA

*A Little Forest In Kuala Lumpur*

#### Country Heights Damansara Bungalow Lots

Since its launch, this exclusive residential landmark of Kuala Lumpur has successfully sold more than 82% of its bungalow lots. This 200 acres of low density development, delicately crafted from hilly forest land, retains the beauty of its landscape without compromising on the modernity of its architectural design.

Five years since its launch, this 200 acres hilly residential enclave with low density development has already sold 279 lots out of 342 lots. There are 43 bungalows units currently under construction, and 13 bungalows units that have been already completed and occupied. The year witnessed increased

numbers of completion and starts. We forecast a continuation of increasing numbers of completion and starts of owner's bungalows.

The division has completed and delivered vacant possession with Gross Development Value ("GDV") of approximately RM480 million. The performance of property value (selling price/sq. ft.) is encouraging, with values growing by 200% since its launch.

There will be 60 lots of vacant bungalows land to be launched in stages. The GDV for these 60 lots of bungalows development will exceed RM380 million.

Further launches in the pipeline, among others, are another 15 units of new bungalows of which 5 units are currently under construction. The bungalow prices range from RM6 million to RM8 million.

The construction of an access road from LDP Penchala Toll is expected to commence by June 2008. The opening of the direct access from the toll will facilitate and enhance the property value.

#### 6.39 Acres Development (Luxury Apartment)

The cluster village takes conventional strata development genre to an exciting bold new direction featuring architecture approaches resulting in pioneering lifestyle concepts.

Located on 6.39 acres of a freehold land enclave in the heart of a Kuala Lumpur hilltop forest with direct access to Damansara-Puchong Highway (LDP), the development is merely 15-minute drive from KLCC. The cluster village development consist of a blend of strata townhouses and condominiums to suit families and young professionals.



*Bungalow Lot in Country Heights Damansara*



## Property Development

The prestige development is set on elevated terrain designed to satisfy the huge luxury home and spacious living.

The development is scheduled to be launched in year 2009. It consists of 380 units of clustered low-rise and high-rise luxury apartments. The development comes in three designs with built-up areas ranging 1,000 to 3,000 sq.ft. The expected GDV for the development will exceed RM230 million.

### 13.40 Acres Development (Cluster Bungalows)

The 13.4 acres low density development located strategically on top of the waterfall will be developed for cluster bungalows development. The development consists of approximately 100 units of cluster bungalows with exclusive designs. The expected GDV for the development is approximately RM340 million. The development is scheduled to be launched in 2010.



## MINES GOLF CITY

In the last 2 years, the government has launched five economic corridors (NCER, ECER, SCORE, IDR & SDC) aimed at speeding up socio-economic development, boosting tourism, and attracting investment in property. Now, if there is to be another economic corridor, it will be our development at Rasa Estate, Mukim Batang Kali - "Mines Golf City".

Mines Golf City is strategically located at north of Kuala Lumpur. It takes about 35 minutes drive from Kuala Lumpur to the Mines Golf City. The main access to Mines Golf City development is approximately 5km from the Bukit Beruntung Exit 118 of the North-South Highway. The total development area is approximately 2,073 acres of freehold land. It will comprise of a 63-hole signature golf course, learning centre, equestrian, auto-car plot, prestige hotels, club house, golf academy, bungalow lots, shopping mall, health sanctuary, residential and commercial development project. It will be Malaysia's largest golf course development with 63-hole designed by world-famous golfer, Annika Sorenstam, and is expected to be developed over a period of 12 to 15 years. The expected total GDV for the development will exceed RM1 billion.

Phase 1 development for the first 18-hole golf course will commence in 2009.



## Property Development

### CYBER HEIGHTS VILLA

*Sports Living In An Intelligent City, Cyberjaya*

Cyber Heights Villa, which covers 28 hectares of strategically located prime freehold land in the nucleus of Multimedia Super Corridor, is a premier development project in Cyberjaya. With close proximity to Putrajaya, the new Federal Government administrative capital, and Kuala Lumpur International Airport (KLIA), it enjoys good infrastructure and accessibility from an excellent transportation network.

With a concept combining luxury and sports living, surrounded by pristine greenery, the overall development consists of 1,278 units of villas with a low density of less than 20 units per acre. So far, 510 units have been completed with Certificate of Fitness issued.

Riding on its previous momentum, Cyber Residency is the latest phase of

the development. It comprises 98 units of 3 to 4 storey villas housed in 7 blocks spreading over an area of 4.74 acres of freehold land.

There are 3 design concepts, with built-up areas ranging from 1,471 sq ft to 1,859 sq ft and a minimum of 3 + 1 rooms to choose from. To provide exclusivity and privacy, all units have been designed as corner units. The introduction of external stone cladding façade not only enhance the aesthetic appearance but also project a resort lifestyle.

Additional security systems, such as control of alarm and access, is monitored at the main entrance. Other salient features include gas piping and high ceilings with a clearance of 11 feet.

In the meantime, 3 show units of villas with different design themes, ranging from tropical resort to modern contemporary have been completed and is ready for occupation.

The clubhouse boasts various indoor and outdoor recreational and sport facilities, namely swimming and wading pools, gymnasium, tennis courts, male and female saunas. The convenience mart and restaurant serving authentic Iranian cuisine have also opened its doors to public.







## Property Development

### KOLEJ HEIGHTS UTARA (KUBANG PASU, KEDAH)

*A Paradise for Country Style Living*

Kolej Heights Utara is another premium development by CHHB undertaken by its wholly owned subsidiary, College Heights Utara Sdn. Bhd.

It is an exclusive gated residential resort style development spread over a total of 489 acres estate and freehold land in the northern state of Kedah Darul Aman in the district of Kubang Pasu. It is an escape from life's urban fabrications, where modern comforts and nature are well designed to co-exist. Kolej Heights Utara emphasizes the concept of combining the essential spirit of *kampung* architecture and urban sophistication enclave crafted in a luxurious space of pristine greenery. Among the opulent landscape and natural rubber trees, nestles a seamless fusion of 4 precincts of choice bungalow lots measuring from 5,274 sq ft up to 12,440 sq ft, 466 super-link sports living homes, as well as 2½ storey shop offices, a 3 storey commercial complex, individual commercial lots and a state-of-the-art sports living clubhouse.

Thriving on the successful momentum of the previous years, the company will launch its second phase, 2½ storey shop offices with generous interior space, by the third quarter of 2008. The innovative and debonair super-link sports living homes, featuring wide spaces and private garden, seamless blend of indoor and outdoor spaces will also be launched then. Local folks and investors from around the country have a choice of super-link sports living homes equipped with a host of accolades for visionary residential concepts. The concept of luxury living, designed with exclusive and perfectly manicured gardens, open and friendly for community spirit, cultivated and

nurtured within a gated and secured environment is also scheduled to be launched by the third quarter of 2008.

Residents and local folks alike are spoilt for choice at Kolej Heights Utara's RM8 million Sports Living Clubhouse with its state-of-the-art sports facilities, such as indoor badminton courts, basketball courts, table tennis, a well equipped gymnasium, a lusciously designed swimming pool and children's pool. The clubhouse's renowned restaurant, which seats 250 guests, serving the northern region's best steamboat meals, along with a local and western menu as well as a family karaoke offering, adds on to the charm of urban comfort with *kampung* styled living. The clubhouse was launched by DYMM Sultan of Kedah in June 2007, and has since catered many auspicious functions for its patrons.

A mere 10 minutes drive from Sultan Abdul Halim's airport, Kolej Heights Utara is an exclusive and prime residential choice, fitting our motto of "Ever searching for better living."



*Pool side view in Kolej Heights Utara*

## Property Development

### BORNEO HEIGHTS SDN BHD

Borneo Heights Sdn Bhd is the sole developer of Borneo Highlands Resort ("BHR") since 1994. As of 31 December 2007, approximately 13 million sq ft area of the resort had been developed. This year, the company continues to focus on developing the basic infrastructure of the resort to offer high-end nature lovers with various land characteristics and panoramic view options to build their bungalows.

A series of strategies were implemented throughout the year with the aim of generating repeat business from existing golf members and to attract new buyers from the high-end market. The company's main focus for first half of the year was to sell the remaining bungalow lots at Borneo, Golf and Hornbill Forest. In entering the 2nd

half of the year, the main focus was on Swan Lake Forest, where a special price of RM70 per sq. ft. was offered to the existing bungalow lot owners only. Overall, the company earned a revenue of RM18 million for the financial year.

In November 2007, the company proudly launched the Swan Lake Forest. This particular phase comprises 46 bungalow lots with sizes ranging from 10,500 sq ft to 68,600 sq ft and priced from RM95 to RM200 per sq. ft., depending on the orientation and natural terrain of the lots. The undulating lands are unique in that some lands enable bungalows to be perched on the slope, sitting on top of the hill or built on a rather flat landscape. It makes the dream of building a luxury house at an eco-friendly resort come true for those

who appreciate the finer things in life. Owners can enjoy the beauty of the mountains, the golf course, the swan lake, the refreshing mountain air filled with the fragrances of Mother Nature especially at night, and the relaxed and peaceful environment surrounding the land. Buyers have an option to design and construct their own bungalow or entrust the job to the company's panel of architects, based on the buyer's individual needs.

On the other hand, the major infrastructure developments were the upgrading of the access road at KM 6 till KM 7.5 from the foothill to BHR and HT/LT electrical reticulation work. The progress of works achieved were 55% and 90% completion respectively. Meanwhile, the basic infrastructure



*Bungalow in the Borneo Highlands Resort*





## Property Development

that was the road and drainage, as well as the water and electrical reticulation at the pristine Golf Forest and Hornbill Forest has been 100% completed. Moreover, the upgrading of roadworks from plateau to the road junction of Golf Forest to accommodate helicopter landings has also been completed.

Apart from the above, the numerous projects implemented in 2007 are progressing well and are expected to be completed by the first half of 2008. These projects include the construction of the internal access road to Silver Hair Court and the renovation & upgrading of the resort.

Major developments for next year include the upgrading of the access road from the foothill to BHR at KM

6 to KM 7.5, infrastructure works at Swan Lake Forest, street lighting for the internal access road and the construction of staff quarters. Current ongoing developments have been carefully planned without jeopardising the image and the interests of the residents at the resort.



## Property Development



### Country Heights Pecanwood Golf & Country Club

*".. magic in a nutshell"*



The evolution of a golf estate is a beautiful process. Although not immediately obvious, it is a work of art. It requires long-term commitment and a dedication to perfection. Above all, its success requires a team of artists who share a dream and who are willing to invest their ambition into making that dream come true.

If the artists succeed, everybody involved reaps huge rewards, and you have to look no further than the Southern Banks of the Hartbeespoort Dam, set against the backdrop of the majestic Magaliesberg Mountains, to find a hidden gem...Country Heights Pecanwood Golf & Country Club.

Like a beautiful butterfly, this once forgotten property has emerged in all its splendour into one of the most sought after addresses. Ten years have past since this blank canvas has become a world class golf facility that harbours all the elements of living that South Africans require from the place they call home.

The architects of Pecanwood envisaged a place where "there is more to life". To create the masterpiece that they saw in their mind's eye, the developers called in the help of one of golf's great artists, Jack Nicklaus. This is how Pecanwood became the proud home to South Africa's first Jack Nicklaus signature golf course. The Golden Bear's reach in the world of golf stretches far and wide. A living legend who owns the records that Tiger Woods now chases, Nicklaus' legacy will live on, not only in the pages of record books, but also through the courses he has sculpted worldwide.

It was then, on a chilly winter's morning, with the South African sun brightening up a grey sky, that this dream started materializing. The ground breaking ceremony was held on 24 July 1998 on bare soil, soon to be transformed into the foundations of our majestic, state of the art Clubhouse.

This Pecanwood course is carefully crafted to be challenging enough to test your skills to the full. The fairways are generous and inviting, the greens immaculate all year round, and, for those wanting to improve their game, our teaching professionals will gladly assist.

The clubhouse is one of the largest and most sophisticated facilities of its kind. Enjoy a gastronomic dining experience whilst overlooking the lushes fairways or watching a typical South African sunset for picture perfect memories.

Ten years of hard work and dedication by a team of diverse, highly qualified individuals, together with the status as South Africa's first Nicklaus signature course, has established Pecanwood as a benchmark which all other golf developments are measured. A trendsetter of innovative ideas, Pecanwood has become a brand to be reckoned with.

The superior splendour of a typical Nicklaus course has earned Pecanwood many accolades. Within the first five years we were ranked within the top 5 golf courses in South Africa.

**2000: Rated No 5 by Golf Digest**

**2001: Rated No 8 by Compleat Golfer**

**2002: Rated No 10 by Golf Digest**

**2003: Rated No 10 by Compleat Golfer**

**2003: 5 Star Golf Experience Award by Compleat Golfer**

**2004: Rated No 10 by Golf Digest**

**2005: Rated No 13 by Golf Digest**

**2005: 5 Star Golf Experience Award by Compleat Golfer**

**2006: Rated No 14 by Golf Digest**

**2007: 5 Star Golf Experience Award by Compleat Golfer**





## Property Development

***Currently Pecanwood has improved to 13th place as rated by Golf Digest, and 7th place, as ranked by Compleat Golfer. Our immaculately crafted course has since inception, been ranked as one of the top 10 best manicured courses in South Africa.***

Another aspect that played a crucial role in cementing Pecanwood's reputation as a world-class estate was the Nelson Mandela Invitational in 2000. This tournament raises funds for the Nelson Mandela Children's Fund, and saw a small but elite group of players competing. Well known professionals that roamed the lush fairways were the Golden Bear legend himself, Jack Nicklaus as well as Retief Goosen, Ernie Els, Gary Player, David Frost, and Mark McNulty, just to name a few.

Over the years our valued members have created the heart beat of Pecanwood. Through time they crafted a culture within the establishment, radiating a warmth and inviting sense of belonging. Many traditions have been established, such as our annual golf competitions that include the prestigious Club Championships (Men's & Ladies) as well as the Jack Nicklaus Golf Day, where the winner is presented with The Golden Bear Trophy, and the Founder Members Dinner being the highlights.

Our professional and dynamic team heading up Golf Operations also maintain a jam-packed golfing calendar with weekly member competitions, mixed open days, ladies open competitions as well as our very own innovative US PGA, US Masters, US Open and the Open

Championship, co-inciding with the original tournament dates.

In catering for the needs and tastes of the fortunate member or homeowner, Pecanwood has also become a sought-after destination for private and corporate events. We can confidently say that the dedicated team have mastered the art in the hosting of corporate golf days, private functions, weddings and conferences. Once you have reviewed the various activities and options available, and made your selection, we will gladly customise a package to suit your requirements.

Life at Pecanwood offers everything the discerning investor is looking for. Situated a leisurely 40 minutes drive from the bustle of Sandton and Pretoria, it is convenient enough to be made your primary home.

*Just when you thought life couldn't get any better...  
you discovered Pecanwood...*

*... enjoy the comfort, experience the magic!*

# Property Investment

Property Investment Division of CHHB entails the rental and leasing business of the Group. It involves two properties, namely, the MINES Waterfront Business Park (MWBP) and Malaysia International Exhibition & Convention Centre (MIECC).

MWBP is the only office address with an expansive view of a 150-acre lake with a 18-hole signature golf course and country homes in the distance, surrounded by lush and plentiful landscaping.

MIECC was once Malaysia's premier exhibition venue, with major events, both regional and international, under its belt. As a result of too many emerging new venues, the Management of MIECC has evolved a two pronged strategy to increase revenue.







## Property Investment

### MINES WATERFRONT BUSINESS PARK



MINES Waterfront Business Park is situated amidst the panoramic view of the Mines Resort City. It is an aesthetically beautiful and integrated business park, a landmark tourist destination in Malaysia, and an award-winning resort city. The building stands serenely along the shores of a 150-acre lake with beautifully landscaped surroundings and a breathtaking dusk to dawn lakeside view.

Mines Waterfront Business Park, nestled in an oasis in the center of the Greater Kuala Lumpur, is Malaysia's first true business park with integrated facilities in a resort environment consisting of Palace of the Golden Horses (a luxury hotel that offers a harmonious blend of Moorish architecture and Malaysian culture), Palace Beach & Spa (a 5-star resort hotel with an Asian architecture), Mines Shopping Fair (the only shopping mall that you can sail into), Mines Wonderland, Malaysia International Exhibition & Convention Center and Mines Resort & Golf Club (a world class 18-hole golf course).

Strategically located and well connected to major highways coupled with added convenience to vibrant business amenities including convenient banking facilities, shopping malls, hotels and entertainment centres, Mines Waterfront Business Park has continuously recorded higher occupancy year-on-year and is almost fully occupied. Mines Waterfront Business Park not only achieved high occupancy rates, our tenant mix consists of more established and reputable corporate entities such as EMI, Astro Shaw, Hitachi Cable, Mynic, Sumitomo, Thomson Media, The Sanderson, Educational Trend, Custommedia, Sazean, John Deere, Gamexus Consulting, Gamat Emas and Faratech, among others. Some of our new tenants that have joined us this year include MediaBanc Sdn Bhd (Media Monitoring Company), CyberSecurity Malaysia (National Company), Diamond-Hard Mining Sdn Bhd (gold mining production), Magnetic Lodestone, Mobile Income, My 4-Season, JL Cemerlang, Perfect Silicon and Lee Partnership.

Mines Waterfront Business Park also boasts a Balinese-style food court – M-Bistro that offers our tenants gastronomical delights that appeal to all. M-Bistro is managed by an experienced organization that provides a variety of delicious local and western dishes as well as catering services for events, launchings and meetings to the tenants here.

With the high occupancy in phase 1, we are planning to launch 2 blocks of our corporate offices to cater to the growth of discerning tenants by the year 2008.







## Property Investment

### MALAYSIA INTERNATIONAL EXHIBITION & CONVENTION CENTRE (MIECC)



The year 2007 sees a new direction and re-organizing of the Malaysia International Exhibition & Convention Centre (MIECC).

For the past decade, MIECC has been the premier exhibition venue and has played host to many prestigious international and local events. MIECC is now looking into smart partnerships through joint ventures or appointment of a professional management company that will help to develop and expand international exhibitions and events in the Asia Pacific region. In order to stay competitive as the current market situation demands, MIECC has to widen the scope of the MICE industry by leasing some of its space for office use. The ground floor and level 2 has been set aside as office rental space for potential tenants.

The business for hall rental remain challenging as price wars and newly built convention centres are among the factors, creating fierce competition that affecting the revenue of MIECC. Nevertheless, setbacks are bound to arise and to improve the business strategies, the team at MIECC is working hard to adjust to this market inconsistency and exploring ways to generate revenue and/or sustain income for the company.

Among the events hosted in 2007 was the MMCA Charity Dinner, Nestle Sales Conference cum Dinner, Dragon Meet Lion, Neway Worldwide Conference & Dinner, Buddhist Cultural & Arts Fair 2007, IKRAM Training, Dharma Talk, MPSB 1st Anniversary & Product Launching 2007 and more.

The 9th World of Chinese Books Fair (WCB) 2007, held from 16th – 25th November 2007, was very successful as it had achieved the highest participation of exhibitors with over 700 booths from Malaysia, Singapore, China, Taiwan and Hong Kong. The publicity stunt for the fair this year was the appointment of local talented artiste/composer Mr. Rynn Lim Yu Zhong as the ambassador for WCB 2007. A fee of RM2.00 was also charged upon entry to the fair where all collections received were donated to 13 selected schools in Malaysia. This event received overwhelming response with 370,000 visitors that highlight the increasing popularity of this largest Chinese books fair.

*World of Chinese Books Fair 2007*





# Hospitality, Leisure & Health





Apart from property development, CHHB has also diversified into the field of leisure and hospitality. Today, CHHB is a diversified Group which has gone from strength to strength, exploiting the different dimensions of man as he relates to gracious living, nature, health, recreation, entertainment, sports, business and technology. CHHB has also positioned itself as a lifestyle creator.





## Hospitality, Leisure & Health

### PALACE OF THE GOLDEN HORSES



Palace of the Golden Horses, also tagged as the Asia's Most Extraordinary Hotel, is a world-class award-winning luxury hotel with dedicated conference centre and state-of-the-art facilities. Located within the 1,000 acres of MINES Resort City, it is 25 minutes away from the city centre as well as the Kuala Lumpur International Airport in Sepang.

With a distinctive Moorish-Malaysian architecture and equestrian theme, the hotel is also Malaysia's first themed hotel with a lavish ornamentation inspired by Malaysian folklore. Since opening its door to the public in October 1997, it has gained immense recognition in the industry as a leading Meetings, Incentives, Conferences and Exhibitions (MICE) centre in the Asia Pacific region.

All 405 rooms and 80 suites are luxuriously blended with all the modern day conveniences of the Information Age. For extra privacy and personal attention, the Dignitaries Floor features a lounge with butler, concierge and secretarial services.

Palace of the Golden Horses is perhaps best noted for its dedicated conference centre, the Sultan Salahuddin Abdul Aziz Shah Conference Centre, located in its very own private wing. It offers

unrivalled conference space with a total of 20 meeting rooms including 2 ballrooms, the Royal Ballroom and Unity Room, and a 318-seat Auditorium that is excellent for corporate presentations and theatrical productions. The latest addition to its banquet facility is the Le Marquee, an outdoor, canopied venue with a garden and lake setting that can accommodate up to 2,000 persons.

In June 2007, the hotel's Chinese Restaurant Kim Ma was awarded as the Best Chinese Restaurant by Ministry of Tourism Malaysia. In December 2007, the hotel received another prestigious international award, recognizing Palace of the Golden Horses as the Best MICE Facility and Service Hotel 2007 – Outbound awarded by Travel Weekly China.

This award winning luxury hotel has been the venue for many high profile events held throughout 2007, namely Diethlem Travel Management, TM Group Leaders Convention and ESPN India Group, the Proton World Championship Badminton 2007.

The hotel offers outstanding variety of dining and entertainment options with 5 restaurants, 2 lounges and a 24-hour Room Service. The splendid dining experience include a 24-hour dining



Carousel Restaurant that serves a wide array of local and Asian favorites, Kim Ma Chinese Restaurant, Cavallini's, an Italian restaurant with an exquisite range of Italian and Mediterranean cuisine, the ever popular contemporary Japanese cuisine in Kin No Uma and a poolside offering a selection of tasty snacks and thirst quenchers. The 2 lounges, Grand Salon Lobby Lounge and Polo Club & Games Rooms, serve an extensive range of drinks as well as scrumptious snacks with great live entertainment.

The latest addition to the specialties outlets is Sagar Restaurant – serving authentic Northern Indian cuisine. Most of all, the hotel offers a unique venue for a breathtaking wine and dine affair featuring the Romantic Cruise, which offers a romantic candle light dinner while cruising the 150 acres surrounded by the picturesque landscape.

In line with the healthy living and wellness lifestyle, Palace of the Golden Horses also offers comprehensive health screening services at Golden Horses Health Sanctuary located inside the hotel, a scenic 2.1 km jogger's track, beautifully landscaped swimming pool, an executive fitness centre for the health conscious, and a luxurious Balinese themed Jojobali Spa for rejuvenation and relaxation.

Palace of the Golden Horses, located within the Mines Resort City that is known as the Venice of the East, is poised to be one of the world's most widely known luxury hotel, inextricably linked with outstanding opulence, which will position Malaysia as one of the finest destinations in the global hospitality and tourism industry.





## Hospitality, Leisure & Health

### PALACE BEACH AND SPA



Palace Beach and Spa is well positioned as a resort hotel that is perfect for both business and leisure. Its unique feature as the only “beach in the city” is a main selling point that makes Palace Beach and Spa the preferred choice over other hotels in the surrounding Kuala Lumpur area. With this attraction, the hotel is popular for garden weddings, beach barbecues, family days, team building events and other leisure or corporate activities.

Situated right next to the Malaysia International Exhibition and Convention Centre (MIECC), and located just 30 minutes from Kuala Lumpur City Centre, Palace Beach and Spa is the choice accommodation hotel for the exhibitions and conferences held there, such as The World of Chinese Books Fair and Amitabha Group.

The hotel recorded good arrivals from several leisure markets such as Singapore, Hong Kong, Taiwan and the Middle East. During the 2007 Formula 1 at the Sepang Circuit, the hotel was the choice location for the Super Aguri and Skyper teams.

By joining forces with its sister hotel, Palace of the Golden Horses, Palace Beach and Spa marked a few milestones in 2007. One was the joint catering for 5,000 persons at the MIECC, the first of such caterings paving the way for more of such events in the future. Palace Beach and Spa also participated in the Bridal Fair held at the Palace of the Golden Horses in August 2007. Finally, in December 2007, we embarked on the Wish Upon A Star Christmas Charity and successfully collected RM30,000 to donate to the National Autism Society of Malaysia.

In October 2007, the Golden Horses Health Sanctuary started operations in the newly renovated Traditional Chinese Medicine Centre dedicated to preventive medicine. Traditional Diet Therapy and herbal soup was earlier introduced at Cheng Ho Court Chinese Restaurant to promote a healthy diet which is now a permanent feature in the daily menu. The new health sanctuary also further reinforces the concept of wellness at the hotel by offering an exceptional line of complementary traditional Chinese services such as Tuina, Acupuncture, Gua Sha, Cupping, Qi Gong exercises and more.



2007 also saw the commencement of the rehabilitation of the first 60 rooms at the hotel. With the rehabilitation of the rooms, the management looks forward to strengthen the ties with the current regular clientele as well as making new niches into the corporate and leisure market.

## Hospitality, Leisure & Health

### HORNBILL GOLF AND JUNGLE CLUB



Borneo Highlands Resort is one of the most unique eco-friendly resort development in the region. Just an hour's drive (60 km) from Kuching city, the capital of Sarawak, this exclusive resort nestles majestically amongst the 1.5 million-year-old virgin rainforest – the oldest and second largest tropical rainforest in the world.

Sitting on the Penrissen Range, 1,000 meters above sea level, Borneo Highlands Resort is surrounded by rich vegetation and the lush rainforest with refreshing year-round spring temperature of 18 – 20 degrees Celsius. It is an absolute botanical paradise blessed with astonishing varieties of flora and fauna, with fresh air, cool mountain breeze and spectacular highland views.

The resort's 18-hole golf course is magnified by the steep gradients of rugged mountain terrain for more physical and mental golf challenges as the course is breathtakingly beautiful and tough.





## Hospitality, Leisure & Health

The Jungle Spa is a retreat-within-a-retreat, a place where one can unwind and rejuvenate with the invigorating forces of nature. A variety of treatments and therapies are available which can be enjoyed indoors, in the well appointed spa facilities, or outdoors, amidst unspoilt nature. These include traditional Bidayuh massage, foot reflexology, aromatherapy, organic facial and body scrub.

The Clubhouse is an extension from the golf course, where every fine detail is inspired by the images of golf games, with 30 rooms and suites on distinctive floors marked by the golf tee box colours of Red, White, Blue and Gold.





## Hospitality, Leisure & Health

### **PALACE VACATION CLUB** *Worldwide resorts, great family vacation*

Owning a Palace Vacation Club membership gives the proud owner privilege in not only having access to an extensive list of quality resort listings but also access to other lifestyle service offerings surrounding Mines Resort City, such as facilities at its two established hotel outlets, recreational facilities and special discounts on F&B outlets among others.

The uniqueness of Palace Vacation Club membership allows transfer options, allocation of up to two rooms, split week system and guest assignment. These features have been infused into the membership plan, making it a great choice and a viable investment for Malaysians looking for great family vacation destinations.

The membership also provide members with the option to exchange the holiday entitlement for other products ranging from health services to entertainment. It is set up to offer a variety of options for its members to exchange their holiday entitlement. Among the exchanges that are offered are Health Screening at Country Heights Health Screening Centres, tickets for shows such as Disney on Ice – Princess Classic, Disney on Ice – Beauty & The Beast, Finding Nemo, Mickey Magic Show, Sesame Street Musical, Royal London Circus tickets, Hollywood on Ice tickets and Mines Wonderland Fun & Dinner package.

With a strong customer service support team, Palace Vacation Club has maintained its motto of always improving and innovating. This has translated to an increase in members, bookings from 8,500 in 2006 to 12,600 as of 31 Dec 2007. Successful booking ratio was maintained at a high 89%.

The synergistic arrangements with various financial institutions to provide easy payment options with either low or 0% interest to its potential members have opened up windows of opportunities for Malaysians to adapt its method of lifestyle vacation with







## Hospitality, Leisure & Health



great ease and without any financial strain. This synergy makes Palace Vacation Club a lifestyle membership program that allows its members to have luxury within reach for the entire family.

The combination of a friendly, dedicated team and dream destinations is Palace Vacation Club's recipe for its success and the secret of its appeal to the Malaysian market. This is further enhanced by its innovative approach and its capability in providing a variation of lifestyle service offerings, making it the only timeshare membership program that can offer the combination of access to vacation destinations all around the world, health screening services, entertainment and leisure all under one roof.

Palace Vacation Club has established itself in the market as a prestigious timesharing membership program that

offers immense benefits and privileges in a form of exciting vacations at more than 2,200 beautiful resort destinations in 85 countries worldwide. This is made possible through its affiliation with Interval International. On top of that, members also have access to our internal resorts affiliation totaling over 100 resorts worldwide covering Malaysia, Thailand, The Republic of Philippines, Indonesia, India, Australia, China and Europe. Due to the overwhelming demand from members, two more new properties in London, U.K. and the Gold Coast, Australia, were acquired to add to Palace Vacation Club's extensive resorts listing.

Palace Vacation Club ends 2007 with great enthusiasm for the year ahead. The team of management and members look forward to another fulfilling year, with infusions of more family entertainment and more exciting vacation destinations.



## Hospitality, Leisure & Health

### COUNTRY HEIGHTS HEALTH TOURISM



"Our vision is to assist people in achieving the best of health. The key to good health is prevention and early detection. We are dedicated to improving people's lives while maintaining a commitment of becoming the most successful, knowledgeable and competitive organization in the healthcare sector locally and globally."







## Hospitality, Leisure & Health

### COUNTRY HEIGHTS HEALTH TOURISM

Country Heights Health Tourism Sdn Bhd (CHHT) is a professional preventive healthcare provider operating in the hotel licensed by the Ministry of Health Malaysia.

Having achieved and completed four half-yearly surveillance audits by UK Lloyd's Register Quality Assurance, 2007 has marked the second year of continuous certification of ISO 9001:2000 Quality Management Screening centers located at Palace of the Golden Horses and Plaza Mon't Kiara. This achievement has reassured the delivery of services to our members and guests.

An increase of 31% in check-up performance was recorded in 2007 in which some percentage are attributed by the introduction of international

health tourism programme in which international guests from Hong Kong and Indonesia being the two main contributors.

2007 has also seen a significant improvement in our Check-up Service Index performance with an increase of 18% in the category of Excellence as compared to 2006.

Not forgetting our corporate responsibilities towards the nation, CHHT has fully sponsored 500 less fortunate Malaysians to undergo the Mammogram Programme in support of the Breast Cancer Awareness Campaign launched by the Ministry of Women, Family and Community Development (LPPKN).



## Hospitality, Leisure & Health

Further to this, CHHT has also contributed an amount of RM25,000 to the National Heart Institute Foundation (IJN) through the Passions Royal Charity Ball held at Palace of the Golden Horses.

As part of our effort in providing knowledge and education on preventive healthcare, CHHT has jointly organized the “2007 Traditional Chinese Medicine Academic Forum” with the Federation of Chinese Physicians Acupuncturists Associations Of Malaysia (FCPAAM), with prominent TCM Chinese Physician from China such as Professor Dr. Liu Li-Hong being invited to talk about the contribution and development of TCM worldwide. The response was overwhelming with some 350 Chinese Physicians from Malaysia gathered to explore ways for better healthcare through using the ancient, 5,000 year-old traditional Chinese medicine methods for health and illnesses.

Ending the year on a high, CHHT has reached another milestone with the establishment of Golden Horses Health

Sanctuary – TCM Wellness Center, an exclusive one-stop Traditional Chinese & Complementary Wellness Center located at Palace Beach & Spa, within Mines Resort City in November 2007, with the objective of promoting and providing quality Traditional and Complementary Medicine services to the people in Malaysia and foreign guests in the most luxurious of environment.







# Corporate Social Responsibility

The Board of CHHB recognizes and acknowledges the importance of a corporate culture that emphasizes good corporate social responsibility and good corporate citizenship. The Group not only increases the stakeholders' value through its core businesses, but also upholds the interests of the community and the environment.

## THE WORKPLACE

Our topmost priority is to provide a healthy and safe working environment for our employees and other relevant parties directly involved in our projects.

The Group is actively ensuring that the safety, health and welfare of all employees are not being compromised. The Group provides hospitalization and surgical insurance coverage, group term life insurance coverage and group personal accident insurance on top of the statutory SOCSO contribution to employees to mitigate medical and accidental contingencies of employees.

As part of our human capital development, the Group arranged various training programmes to equip its employees with the required skills and knowledge to stay ahead.

Furthermore, on-going in-house sport activities are held to foster a good working relationship and to build-up strong team spirit among the employees. The Group recognizes the importance of non-work related activities amongst colleagues. Sport Living Club, Kajang, was established for this sole purpose. The Club has organized several activities throughout the year and will continue to do so in the future.

## THE ENVIRONMENT

The Group recognizes the need and importance of environmental conservation. During the financial year, the founder of CHHB, Tan Sri Lee Kim Tiong@Lee Kim Yew and Serdang residents formed the "Protection of Serdang Lakes and Rivers Committee" in an effort to ensure the lakes and rivers remain clean and beautiful for our future generations. Thus far, the Group contributed RM100,000 to the fund.



# Corporate Social Responsibility

## THE MARKET PLACE

The Group is committed to continuously enhance value for its shareholders. It is our aim to provide high quality products and services to our customers.

Operating activities within the Group are conducted with a high standard of practice which is in line with the best practices guidelines set in the Code of Corporate Governance.

## THE COMMUNITY

As a caring and responsible corporate citizen, the Group has continued to provide financial assistance to local schools, places of worship, various non-profit organizations and individuals. During the financial year, the Group answered the call for assistance from various non-profit organizations and also participated in many charitable activities.

### Education

1. Contribution of 7,000 pieces of Pu-er tea cakes to SRJK (C) Kuen Cheng (1), SRJK (C) Kuen Cheng (2), SRJK (C) Jinjang Utara, SRJK (C) Jinjang Selatan, SRJK (C) Lai Meng, SRJK (C) Tai Thong and SRJK (C) Jalan Davidson for their charity sales to raise funds for developments of the schools.
2. Charitable donation to SRJK (C) Taman Connaught for expansion of canteen and upgrading of school facilities.
3. Sponsorship for the International Accounting Conference under University of Malaya Faculty of Business and Accountancy.
4. Gala dinner sponsorship for Multimedia University.
5. Participation in the 1st Asian Entrepreneur Business Exchange Seminar for Persatuan Usahawan Muda Malaysia.





## Corporate Social Responsibility



### General Welfare

1. Donation to National Autism Society of Malaysia through the launch of 'Wish Upon a Star Charity Campaign' at Palace of the Golden Horses and Palace Beach & Spa.
2. Special Deepavali Charity Hi-Tea at the Palace of the Golden Horses for the children of Rumah Keluarga Kami, Kajang.
3. Sponsored Buddha magazines for Kwan Inn Teng Foundation.
4. Charitable donation to Yayasan Pencegahan Jenayah Malaysia, Yayasan Tuanku Syed Sirajuddin and Yayasan Sultanah Bahiyah.
5. Charitable donation to Tabung Bencana Alam Negeri Melaka for flood victims.
6. Trustees contribution to Perdana Leadership Foundation.
7. Charitable donation to Malaysian Zoological Society.
8. Contribution to charity dinner at the Palace of the Golden Horses for Passions Charity Ball 2007 in aid of Institut Jantung Negara Foundation.

Apart from the above, the Group also supported other various humanitarian and social causes in 2007.

This dedication to corporate social responsibility will continue as we seek further business growth in the years ahead.

# Corporate Structure

Property  
Development

Property  
Investment

Hospitality,  
Leisure & Health

Others



Country Heights Holdings Berhad

119416-K





<b>100%</b> Country Heights Property Development Berhad	<b>100%</b> Kristal Peramal (M) Sdn Bhd
<b>70%</b> Borneo Heights Sdn Bhd	<b>100%</b> Magnitude Knight (M) Sdn Bhd
<b>100%</b> College Heights Utara Sdn Bhd	<b>100%</b> Master Strike Sdn Bhd
<b>100%</b> Country Heights Development Sdn Bhd	<b>100%</b> Mega Palm Sdn Bhd
<b>100%</b> Country Heights eMarketing Services Sdn Bhd (formerly known as IDEC Home Furnishing Centre Sdn Bhd)	<b>100%</b> Nasmaya Juara Sdn Bhd
<b>100%</b> Country Heights Enterprise Sdn Bhd	<b>100%</b> Profound Concept Sdn Bhd
<b>100%</b> Country Heights Industries Sdn Bhd	<b>100%</b> PRS Homes Sdn Bhd
<b>100%</b> Country Heights Pangsa Rakyat Sdn Bhd	<b>100%</b> Steady Prospect Sdn Bhd
<b>100%</b> Country Heights Pecanwood Boat Club (Pty) Ltd	<b>100%</b> Tindak Murni Sdn Bhd
<b>100%</b> Country Heights Pecanwood Golf & Country Club (Pty) Ltd	<b>100%</b> Walum Enterprise Sdn Bhd
<b>100%</b> Country Heights Properties Sdn Bhd	<b>100%</b> World Racquet Centre Sdn Bhd
<b>100%</b> Country Heights Resorts & Leisure Sdn Bhd	<b>100%</b> Timbang Makmur Sdn Bhd
<b>100%</b> Country Heights Sdn Bhd	<b>100%</b> Speedbuild Sdn Bhd
<b>100%</b> Country Heights W.T.C. Sdn Bhd	<b>100%</b> Versatile Champion Sdn Bhd
<b>100%</b> Hasil Cermat Sdn Bhd	<b>48%</b> Simplex Design Sdn Bhd
	<b>100%</b> Country Heights China Ltd
	<b>21%</b> Dragon Spring Investment (Labuan) Limited

<b>100%</b> East Vision Leisure Group Sdn Bhd	<b>100%</b> Mines Waterfront Business Park Sdn Bhd
<b>100%</b> Endless Gain Sdn Bhd	<b>100%</b> Ten Plus One Sdn Bhd
<b>100%</b> IDEC (M) Sdn Bhd	<b>100%</b> Mines Premium Sdn Bhd
<b>70%</b> Mines Exhibition Management Sdn Bhd	
<b>100%</b> Mines International Exhibition Centre Sdn Bhd	
<b>100%</b> Mines Shopping Fair Sdn Bhd	

<b>81%</b> Golden Horse Palace Berhad (formerly known as Mines City Hotel Berhad)	<b>100%</b> Mines Beach Resort Sdn Bhd
<b>70%</b> Borneo Highlands Hornbill Golf & Jungle Club Berhad	<b>100%</b> Mines ePurse Sdn Bhd
<b>70%</b> Country Heights Health Tourism Sdn Bhd	<b>70%</b> Country Heights Education Sdn Bhd
<b>100%</b> Country Heights Lifestyle Berhad	<b>100%</b> IMEC Education Services Sdn Bhd
<b>100%</b> Kin No Uma Sdn Bhd	<b>100%</b> Country Heights Sea Resort Sdn Bhd
	<b>100%</b> Signature Catering & Conference Services Sdn Bhd
	<b>100%</b> Signature Hotels Pte Ltd

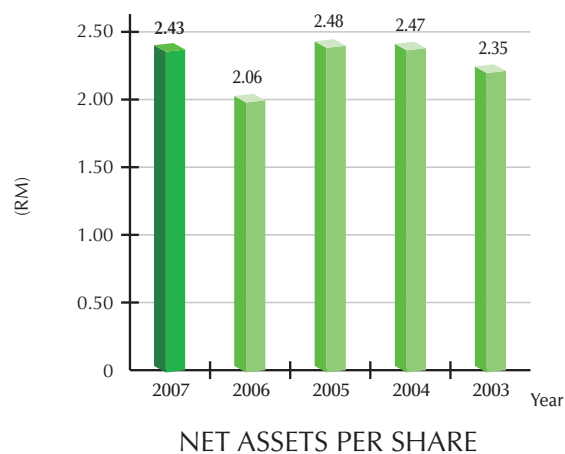
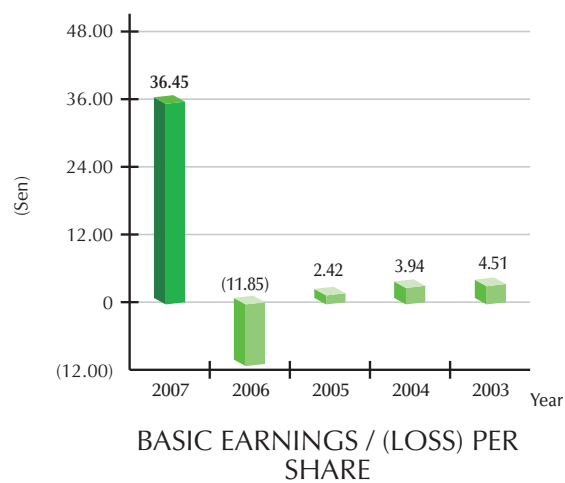
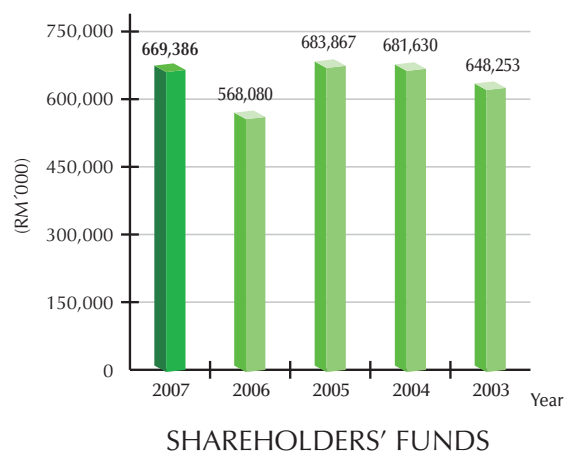
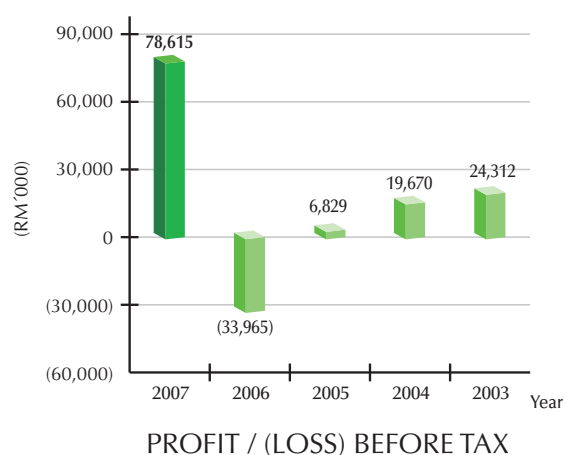
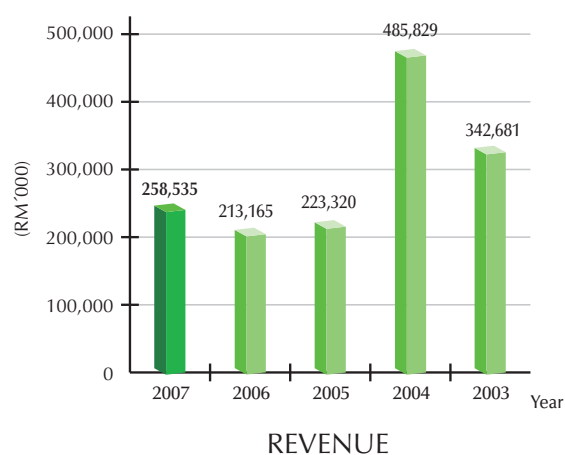
<b>100%</b> Country Heights Golden Lifestyle Sdn Bhd	<b>100%</b> Mines Holdings Sdn Bhd
<b>100%</b> Country Heights Promotions Sdn Bhd	<b>100%</b> Mines Engineering & Technical Services Sdn Bhd
<b>100%</b> Country Heights Resources Management (M) Sdn Bhd	<b>100%</b> Best Golden Inc
<b>60%</b> Country Heights Quality Life Services Sdn Bhd	<b>100%</b> Country Heights Promotions Ltd
<b>100%</b> Etika Cergas (M) Sdn Bhd	<b>100%</b> Lines Pte Ltd
<b>100%</b> Lokasi Istimewa Sdn Bhd	<b>100%</b> Country Heights Garden Resort (Sibu) Sdn Bhd
<b>100%</b> Fresh Innovatives Sdn Bhd	<b>100%</b> Country Heights Global Ltd
<b>60%</b> Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd	<b>100%</b> Output Combination Sdn Bhd

# Five-Year Group Financial Highlights

	31-Dec-07 RM'000	31-Dec-06 RM'000 (Restated)	31-Dec-05 RM'000	31-Dec-04 RM'000	31-Dec-03 RM'000
<b>FINANCIAL RESULTS</b> (Continuing & Discontinued Operation)					
Revenue	258,535	213,165	223,320	485,829	342,681
Profit / (Loss) Before Tax	78,615	(33,965)	6,829	19,670	24,312
Profit / (Loss) After Tax	99,808	(36,030)	3,141	5,110	11,671
Net Profit/(Loss) Attributable to Shareholders	100,481	(32,689)	6,661	10,873	12,440
<b>KEY BALANCE SHEET DATA</b>					
Total Assets	1,553,061	1,885,755	1,919,996	2,404,000	2,498,907
Total Liabilities	839,890	1,273,217	1,188,330	1,671,757	1,841,200
Share Capital	275,707	275,707	275,699	275,699	275,699
Reserves	393,679	292,373	408,168	405,931	372,554
Shareholders' Funds	669,386	568,080	683,867	681,630	648,253
<b>FINANCIAL RATIOS</b>					
Basic Earnings/(Loss) Per Share (sen)	36.45	(11.85)	2.42	3.94	4.51
Net Assets Per Share (RM)	2.43	2.06	2.48	2.47	2.35
Return on Total Assets ( % )	6.47	(1.73)	0.35	0.45	0.50
Return on Equity ( % )	15.01	(5.75)	0.97	1.60	1.92
Gearing ( Net Debt / Equity )	0.60	1.47	1.18	1.71	1.85



## Five-Year Group Financial Highlights



# Corporate Governance Statement

The Board of Directors is committed to ensuring that good corporate governance is practiced and maintained throughout the Group to enhance shareholders' value and the financial performance of the Group.

The Board is pleased to present below a description of how the Group has applied the Principles of Corporate Governance and the extent to compliance with the Best Practices as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance ("Code") pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These Principles and Best Practices have been applied consistently throughout the financial year ended 31 December 2007 except where otherwise stated herein.

## BOARD OF DIRECTORS

### The Board

The Board recognizes its main responsibilities for the overall performance of the Group and focuses on the Group's short and long term goals, monitoring performance and devising strategies on management and business development issues as well as upholding good corporate governance with an objective to build and enhance shareholders' value.

### Board Balance

There have been several changes in the Board lately. The Board currently has 7 members, comprising 6 Non-Executive Directors and 1 Executive Director. Of the 6 Non-Executive Directors, 4 are Independent, thus fulfilling the requirement that at least one-third of the Board comprise of Independent Directors.

The current size and composition of the Board reflects a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, scientific research & development, corporate finance and mergers & acquisitions. The new composition of the Board continues to provide the Group with a wealth of knowledge and experience which is important for the continued success of the Group. A brief profile of each Director is presented on pages 4 to 8 of this Annual Report.

The role of the Chairman and the Group Managing Director are distinct and separate to ensure a balance of power and authority. The Chairman is responsible for the orderly conduct and working of the Board, and ensures an independent and balanced assessment of proposals from the management, whilst the Group Managing Director takes on the primary responsibility of managing the Group's business and resources as well as implementing the policies and decisions of the Board.

### Board Meetings

During the financial year, the Board of Directors held three (3) meetings and details of Directors' attendances are set out below:

Name of Director	No. of Meetings Attended
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	3/3
Tan Sri Lee Kim Tiong @ Lee Kim Yew	3/3
Academician Tan Sri Datuk Dr Ong Soon Hock	3/3
Dato' Azhar Bin Hashim ( <i>resigned wef 29.04.2008</i> )	2/3
Dato' Ong Chong Sek ( <i>resigned wef 29.04.2008</i> )	3/3
Lee Sow Lin ( <i>resigned wef 29.04.2008</i> )	2/3
Ng Nyi Hong ( <i>resigned wef 29.04.2008</i> )	3/3
Abu Yazid Bin Muharam ( <i>resigned wef 29.04.2008</i> )	3/3
Choo Chin Thye ( <i>resigned wef 29.04.2008</i> )	3/3
Choo Chee Beng ( <i>resigned wef 03.03.2008</i> )	3/3
Mark Victor Rozario ( <i>appointed wef 22.04.2008</i> )	N/A
Nik Hassan Bin Nik Mohd Amin ( <i>appointed wef 29.04.2008</i> )	N/A
Chew Chong Eu ( <i>appointed wef 29.04.2008</i> )	N/A
Chew Cheng Keat ( <i>appointed wef 29.04.2008</i> )	N/A



# Corporate Governance Statement

## Directors' Training

Save for the newly appointed Directors, all other Directors have attended the Mandatory Accreditation Programme.

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

The training programmes and seminars or conferences attended by the Directors during the financial year included areas of investment planning, changes in laws and regulations, updates on financial reporting standards, strategy execution and profitability.

## Re-election of Directors

In accordance with the Company's Articles of Association, all Directors (including the Managing Director) shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Directors who are appointed by the Board during the financial year are subject to re-election at the next annual general meeting following their appointment.

## Supply of Information

The Directors have full and unrestricted access to complete information on the timely basis pertaining to the Group's business and affairs to enable them to discharge their duties. Board Meetings which are scheduled to be held are also presented with relevant reports to facilitate its decision-making process.

The Directors have access to the advice and services of the Company Secretary and Senior Management and may seek independent professional advice, at the Company's expense, if required, in furtherance of their duties.

## Board Committees

The Board delegates certain functions to several committees, namely the Audit Committee, Nomination Committee and Remuneration Committee to support and assist in discharging its fiduciary duties and responsibilities. Each of these committees is entrusted with specific tasks and has the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on most matters remains with the entire Board.

### 1. Audit Committee

The report of the Audit Committee is set out on pages 54 to 56 of this Annual Report.

### 2. Nomination Committee

The Nomination Committee established by the Board comprises of the following members:-

- General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Chairman, Independent Non-Executive Director);
- Academician Tan Sri Datuk Dr. Ong Soon Hock (Independent Non-Executive Director); and
- Nik Hassan Bin Nik Mohd Amin (Independent Non-Executive Director)

# Corporate Governance Statement

The Committee with its appropriate terms of reference is primarily responsible for identifying and making recommendations for any new appointment of Board members and the retirement and re-appointment of existing Executive and Non-Executive Directors. The Committee also reviews the Board structure, size and composition including the assessment of the effectiveness of the Board, its Committees and contribution of each individual Director.

The Committee met on five (5) occasions during the financial year and the attendance of the Committee members is as follows:-

Members	No. of Meetings Attended
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	5/5
Academician Tan Sri Datuk Dr. Ong Soon Hock	5/5
Dato' Azhar Bin Hashim ( <i>resigned wef 29.04.2008</i> )	5/5
Nik Hassan Bin Nik Mohd Amin ( <i>appointed wef 29.04.2008</i> )	N/A

## 3. Remuneration Committee

The Directors who served as members of the Remuneration Committee are as follows:

- Academician Tan Sri Datuk Dr. Ong Soon Hock (Chairman, Independent Non-Executive Director);
- General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Independent Non-Executive Director);
- Tan Sri Lee Kim Tiong @ Lee Kim Yew (Non-Independent Non-Executive Director); and
- Nik Hassan Bin Nik Mohd Amin (Independent Non-Executive Director)

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration framework for all Executive Directors with the underlying objective of attracting and retaining Directors needed to run the Group successfully. The Remuneration Committee also reviews the framework for retaining and rewarding senior management in consideration of the Company's performance and market conditions.

The Committee held two (2) meetings during the financial year and the attendance of the Committee members is as follows:-

Members	No. of Meetings Attended
Academician Tan Sri Datuk Dr Ong Soon Hock	2/2
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	2/2
Tan Sri Lee Kim Tiong @ Lee Kim Yew	0/2
Dato' Azhar Bin Hashim ( <i>resigned wef 29.04.2008</i> )	2/2
Nik Hassan Bin Nik Mohd Amin ( <i>appointed wef 29.04.2008</i> )	N/A

## DIRECTORS' REMUNERATION

The component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration package.





# Corporate Governance Statement

The breakdown of the Directors' remuneration during the financial year is as follows:-

Name of Director	Fees RM	Salary and other remuneration RM	Benefit-in-kind RM	Total RM
<b>Non-Executive</b>				
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	23,000	-	-	23,000
Dato' Azhar Bin Hashim ( <i>resigned wef 29.04.2008</i> )	19,000	-	-	19,000
Academician Tan Sri Datuk Dr. Ong Soon Hock	19,000	-	-	19,000
Choo Chin Thye ( <i>resigned wef 29.04.2008</i> )	10,000	-	-	10,000
Abu Yazid Bin Muharam ( <i>resigned wef 29.04.2008</i> )	10,000	60,000	-	70,000
Ng Nyi Hong ( <i>resigned wef 29.04.2008</i> )	12,000	54,600	1,325	67,925
<b>Executive</b>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	-	366,024	41,050	407,074
Dato' Ong Chong Sek ( <i>resigned wef 29.04.2008</i> )	-	595,194	24,600	619,794
Lee Sow Lin ( <i>resigned wef 29.04.2008</i> )	-	312,360	29,400	341,760
Choo Chee Beng ( <i>resigned wef 03.03.2008</i> )	-	225,623	6,600	232,223
<b>Total</b>	<b>93,000</b>	<b>1,613,801</b>	<b>102,975</b>	<b>1,809,776</b>

The number of Directors whose total remuneration fall into the respective bands are as follows:-

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	4
RM50,001 to RM100,000	-	2
RM200,001 to RM300,000	1	-
RM300,001 to RM400,000	1	-
RM400,001 to RM500,000	1	-
RM600,001 to RM700,000	1	-
<b>Total</b>	<b>4</b>	<b>6</b>

## SHAREHOLDERS

### Dialogue between the Company and Investors

The Company recognises the importance of communication and proper dissemination of information to its shareholders. The annual reports, announcements through Bursa Malaysia, quarterly financial results, financial statements and circulars provide valuable insight on the latest developments of the Group.

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 Group.

### Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the Question & Answer session in which shareholders may raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries.

# Corporate Governance Statement

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

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

### Internal Control

The Statement on Internal Control as set out on page 57 of this Annual Report provides an overview of the state of internal controls within the Group.

### Relationship with Auditors

The Board via the establishment of an Audit Committee maintains a formal and transparent relationship with the Group's auditors. The external auditors were invited to participate and brief the Audit Committee on specific issues at Audit Committee meetings. The role of both the external and internal auditors are further described in the Audit Committee Report.

### Directors' Responsibility Statement

The Board of Directors is responsible for ensuring that the financial statements of the Group and of the Company have been drawn up in accordance with applicable approved accounting standards and the provision of the Companies Act, 1965, Malaysia, and for giving a true and fair view of the state of affairs of the Group and of the Company as of 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 of Directors is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2007, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.

## COMPLIANCE STATEMENT

The Group has complied substantially with the principles and best practices outline in the Code except for the following:-

Given the current composition of the Board which reflects a strong independent element and the separation of the roles of the Chairman and Group Managing Director, the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director.

The Board does not have a formal schedule of matters specifically reserved for decision-making. However, it has been the practice for the Board to deliberate and approve on significant matters that concern the overall strategy of the Group such as major investment or divestment decisions, financial and operation performance, major capital expenditure and major acquisitions and disposals.

## ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia:

### Material Contracts

Material contracts of the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 40 to the Financial Statements.

### Contracts Relating To Loans

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





# Corporate Governance Statement

## Recurrent Related Party Transactions

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

Significant related party transactions of the Group are disclosed in Note 40 to the Financial Statements.

## Options, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year.

## American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

## Imposition of Sanctions / Penalties

There is a penalty of RM2,744,000 imposed by the Inland Revenue Board in respect of outstanding taxes relating to the financial year ended 31 December 2007.

## Non-Audit Fees

The non-audit fees paid and payable to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2007 amounted to RM134,000.

## Variation between Audited and Unaudited Results for the Financial Year Ended 31 December 2007

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2007 and the unaudited results previously announced by the Company.

## Profit Guarantees

There was no profit guarantee given by the Company during the financial year.

## Share Buy-Back

The existing authority for the Company to purchase up to 10% of its issued and paid-up share capital shall expire at the conclusion of the forthcoming Annual General Meeting and is subject to renewal by the shareholders at the said Annual General Meeting.

During the financial year, there were no share buy backs by the Company.

## Revaluation of Landed Properties

The revaluation policy of the Group in relation to its landed properties is set out on Note 2 of the Financial Statements.

## Utilisation of Proceeds

The status of utilisation of the proceeds from the disposal of the investment property, Mines Shopping Fair as of 31 December 2007 was as follows:-

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000
Redemption of the Redeemable Convertible Secured Loan Stocks 2004/2011 ("RCSLS Series A")	420,000	420,000
Expenses related to the disposal	9,600	5,608
Working capital	600	600
Settlement of interest on RCSLS Series A	1,800	1,800
Total	432,000	428,008

The balance of the proceeds amounted to RM3.992 million is yet to be utilised.

# Audit Committee Report

The Board Audit Committee of CHHB is pleased to present the Audit Committee Report for the year ended 31 December 2007.

## Membership and Meetings

The Audit Committee consists of the following members:-

- Nik Hassan Bin Nik Mohd Amin (Chairman, Independent Non-Executive Director);
- General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Independent Non-Executive Director);
- Academician Tan Sri Datuk Dr Ong Soon Hock (Independent Non-Executive Director); and
- Chew Chong Eu (Independent Non-Executive Director);

There were five (5) meetings held in the financial year ended 31 December 2007. The attendance of the Committee members is as follows:-

Members	No. of Meetings Attended
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	5/5
Academician Tan Sri Datuk Dr Ong Soon Hock	5/5
Dato' Azhar Bin Hashim ( <i>resigned wef 29.04.2008</i> )	4/5
Ng Nyi Hong ( <i>resigned wef 29.04.2008</i> )	4/5
Nik Hassan Bin Nik Mohd Amin ( <i>appointed wef 29.04.2008</i> )	N/A
Chew Chong Eu ( <i>appointed wef 29.04.2008</i> )	N/A

## TERMS OF REFERENCE

### Composition

The Audit Committee 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. At least one member of the Audit Committee:-

- must be a member of the Malaysian Institute of Accountants;
- if the person is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and :-
  - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - 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
  - fulfills such other requirements as prescribed by Bursa Malaysia.

No alternate Director shall be appointed as a member of the Audit Committee. The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.

### Quorum

The quorum shall not be less than 2, the majority of whom shall be Independent Directors.



# Audit Committee Report

## Attendance & Frequency of Meetings

The Audit Committee shall meet as the Chairman deems necessary but no less than 4 times a year. The Chairman shall be empowered to invite any person(s) to meetings of the Audit Committee, when deemed appropriate.

Other Directors, employees, the External and Internal Auditors may attend meetings upon the invitation of the Audit Committee. At least twice a year, the Audit Committee shall meet with the External Auditors without the presence of any executive officer of the Group.

## Authority

The Committee is authorised by the Board to investigate within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with the Committee on any request made.

The Committee is authorised by the Board to seek independent professional advice in the discharge of its duties if the Committee considers it necessary.

## Functions of the Audit Committee

The duties of the Committee shall be:

- a) To make appropriate recommendations to the Board on matters pertaining to the nomination, appointment and dismissal of external auditors and the fee thereof;
- b) To review and discuss with the external auditors and internal auditors before the commencement of audit, the nature and scope of the audit;
- c) To review the quarterly and year-end financial statements of the Group and the Company prior to submission to the Board of Directors, focusing particularly on:
  - i) public announcement of results and dividend payments;
  - ii) any significant changes in accounting policies and practices;
  - iii) significant adjustments and unusual events resulting from the audit;
  - iv) the going concern assumption; and
  - v) compliance with stock exchange, accounting standards and legal requirements.
- d) To 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) To review any external auditors' letter to management (if any) and management's response;
- f) To 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) To 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) To review any appraisal or assessment of the performance of members of the internal audit function;
- i) To approve any appointment or dismissal of internal auditors;
- j) To inform itself of resignation of internal auditors and provide the internal auditors an opportunity to submit reasons for resigning;
- k) To 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; and
- l) To consider the findings of internal audit investigations and management's response.



# Audit Committee Report

## Summary of Activities of the Audit Committee

During the financial year, the Audit Committee carried out its duties as set out in the terms of reference and discussed the following issues:-

- 1) Reviewed the audit plan of the external auditors, in terms of the nature of the audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements;
- 2) Reviewed quarterly financial results announcements and the year-end audited financial statements prior to the Board of Directors' approval, focusing particularly on:-
  - Overall performance of the Group
  - Any changes in accounting policies and practices
  - Compliance with applicable accounting standards and regulatory requirements
- 3) Reviewed with the external auditors' any significant findings in relation to the audit;
- 4) Reviewed the audit fees and the performance of the external auditors before recommending to the Board on the re-appointment;
- 5) Reviewed the internal audit plan and internal audit reports and considered the major findings of internal audit review and management's response; and
- 6) Reviewed the related party transactions entered into by the Company and the Group.

## Summary of Activities of the Internal Audit Function

The Company has outsourced its internal audit function to an external consultant since November 2005. The internal audit review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvements.

The outsourced internal audit function provides independent and objective advice on the effectiveness of the Group's internal control to the Audit Committee and thereafter to the management.

During the financial year, the outsourced internal audit function conducted independent reviews and evaluated risk exposures relating to the major components' operations and information systems as follows:-

- Effectiveness and efficiency of operations;
- Reliability of financial and operational information; and
- Extent of compliance with the established policies, procedures laws and regulations.

At the conclusion of the various audits carried out, the weaknesses and the recommended corrective actions to be taken together with the management's response were highlighted to the Audit Committee. Subsequently follow up reviews were conducted to ensure that corrective actions were implemented by the management accordingly.



# Statement On Internal Control

## Introduction

The Board of CHHB acknowledges the important of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to present the Statement on Internal Control of the Group pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia.

## Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems.

However, in view of the inherent limitations in any system of internal control, such systems are designed only to manage the risks rather than to eliminate risks that may impede the achievement of the Group's objectives. The system by its nature can only provide reasonable and not absolute assurance against material misstatements, frauds and losses.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group and the process has been in place for the financial year and up to the date of this Annual Report.

## Risk Management

The Board with the assistance of the Audit Committee continuously review existing risks and identify new risks that the Group faces and the management action plans to manage the risks on an ongoing basis.

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.

## Internal Control Function

The Group's internal audit function is outsourced to a professional internal audit service provider firm. The outsourced internal audit function independently reviews the risk identification procedures and control processes implemented by the management and reports to the Audit Committee on a quarterly basis or more often if required. Areas of improvement and recommendations for improvement are also presented to the Audit Committee for their consideration.

The areas of review were set out in a three year internal audit plan which has been approved by the Audit Committee. Since the appointment of the outsourced internal audit function, periodic internal audit visits have been carried out to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's systems of internal control.

## Key Elements of Control Structure

The key elements of the Group's system of internal control are as follow:-

- An organization structure that formally defines lines of responsibility and delegation of authority;
- Regular internal audit visits held to review the effectiveness of the business processes and system of internal control and to ensure accurate and timely financial management reporting;
- Regular review and assessment of the Group's strategic direction after taking into consideration changes in the market condition and key business risk;
- Quarterly review of the actual performance compared with budget with detailed explanations of any major variances; and
- Key functions such as finance, tax, treasury, corporate affairs, strategic planning and legal matters are controlled and managed centrally.

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

The Board is of the view that the system of internal controls was generally satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.







# Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries and associates are shown in Notes 18 and 19 to the financial statements respectively.

There have been no significant changes in the nature of the principal activities of the subsidiaries and associates during the financial year except for the disposal of a shopping mall as disclosed in Note 12 to the financial statements which resulted in the discontinuance of the letting of shopping mall lots and promotion space operations.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
(Loss)/profit after tax from continuing operations	(25,108)	10,924
Profit for the year from discontinued operation	124,916	-
Profit for the year	99,808	10,924
Attributable to:		
Equity holders of the Company	100,481	10,924
Minority interests	(673)	-
	99,808	10,924

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the disposal of a shopping mall as disclosed in Note 12 to the financial statements.

## DIVIDENDS

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

## DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)

Tan Sri Lee Kim Tiong @ Lee Kim Yew

Academician Tan Sri Datuk Dr. Ong Soon Hock

Mark Victor Rozario

Nik Hassan bin Nik Mohd Amin

Chew Chong Eu

Chew Cheng Keat

Choo Chee Beng

Dato' Azhar bin Hashim

Dato' Ong Chong Sek

Lee Sow Lin (f)

Ng Nyi Hong (f)

Abu Yazid bin Muharam

Choo Chin Thye

(appointed w.e.f. 22 April 2008)

(appointed w.e.f. 29 April 2008)

(appointed w.e.f. 29 April 2008)

(appointed w.e.f. 29 April 2008)

(resigned w.e.f. 3 March 2008)

(resigned w.e.f. 29 April 2008)

(resigned w.e.f. 29 April 2008)

(resigned w.e.f. 29 April 2008)

(resigned w.e.f. 29 April 2008)

(resigned w.e.f. 29 April 2008)

(resigned w.e.f. 29 April 2008)



## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and bonds in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1.1.2007	Acquired	Sold	31.12.2007
<b>The Company</b>				
<u>Direct Interest:</u>				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	83,982,430	773,100	-	84,755,530
Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	1,480,842	-	-	1,480,842
Dato' Azhar bin Hashim	800	-	-	800
Academician Tan Sri Datuk Dr. Ong Soon Hock	16,000	-	-	16,000
Dato' Ong Chong Sek	1,390,200	88,600	(91,600)	1,387,200
Lee Sow Lin	-	10,000	-	10,000

Indirect Interest:

Tan Sri Lee Kim Tiong @ Lee Kim Yew	39,807,000	1,944,600	-	41,751,600
-------------------------------------	------------	-----------	---	------------

**RM150 million 3% to 8%  
Redeemable Secured Bonds 1996/2009**

	1.1.2007	Acquired	Sold	31.12.2007
<b>The Company</b>				

Direct Interest:

Tan Sri Lee Kim Tiong @ Lee Kim Yew	150,000,000	-	-	150,000,000
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By virtue of their interests in shares in the Company, the above directors are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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



## Directors' Report (Cont'd)

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or 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.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 44 to the financial statements.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2008.

Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)

Tan Sri Lee Kim Tiong @ Lee Kim Yew

# Statement By Directors

## Pursuant to Section 169(15) of the Companies Act, 1965

We, Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) and Tan Sri Lee Kim Tiong @ Lee Kim Yew, being two of the directors of Country Heights Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 65 to 162 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2008.

Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)

Tan Sri Lee Kim Tiong @ Lee Kim Yew

# Statutory Declaration

## Pursuant to Section 169(16) of the Companies Act, 1965

I, Chua Hee Boon, being the Group Financial Controller primarily responsible for the financial management of Country Heights Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 65 to 162 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed  
Chua Hee Boon at Kuala Lumpur in the Federal Territory on 29 April 2008

Chua Hee Boon

Before me,

Karam Singh A/L Sudagar Singh, PMC (W353)  
Commissioner for Oaths  
Kuala Lumpur

# Report Of The Auditors

## to the members of Country Heights Holdings Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 65 to 162. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

Ernst & Young  
AF: 0039  
Chartered Accountants

Lee Seng Huat  
2518/12/09(J)  
Partner

Kuala Lumpur, Malaysia  
29 April 2008





# Income Statements

## for the year ended 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
<b>Continuing Operations</b>					
Revenue	3	219,780	174,111	17,802	8,306
Cost of sales	4	(101,332)	(82,253)	-	-
Gross profit		118,448	91,858	17,802	8,306
Other income		21,492	15,581	3,883	937
Selling and marketing expenses		(7,953)	(6,706)	(214)	(515)
Administrative expenses		(22,556)	(23,836)	(3,244)	(3,466)
Other expenses		(76,331)	(82,826)	(5,435)	(320)
Operating profit/(loss)		33,100	(5,929)	12,792	4,942
Finance costs	5	(45,590)	(35,327)	(163)	(1,761)
Share of results of associates		(158)	(119)	-	-
(Loss)/profit before tax	6	(12,648)	(41,375)	12,629	3,181
Income tax expense	9	(12,460)	(2,038)	(1,705)	(984)
(Loss)/profit for the year from continuing operations		(25,108)	(43,413)	10,924	2,197
<b>Discontinued Operation</b>					
<b>Profit for the year from discontinued operation</b>	12	124,916	7,383	-	-
<b>Profit/(loss) for the year</b>		99,808	(36,030)	10,924	2,197
Attributable to:					
Equity holders of the Company		100,481	(32,689)	10,924	2,197
Minority interests		(673)	(3,341)	-	-
		99,808	(36,030)	10,924	2,197
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
Basic, for loss from continuing operations	10(a)	(8.86)	(14.53)		
Basic, for profit from discontinued operation	10(a)	45.31	2.68		
Basic, for profit/(loss) for the year	10	36.45	(11.85)		
Diluted	10(b)	N/A	N/A		
Net dividends per ordinary share in respect of the year (sen)	11	-	-	-	-

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

# Balance Sheets

as at 31 December 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Hotel properties and exhibition centre & showroom	13	348,675	351,667	-	-
Other property, plant and equipment	14	112,676	118,868	58	60
Property, plant and equipment		461,351	470,535	58	60
Investment properties	15	91,367	431,793	-	-
Prepaid land lease payments	16	356,943	360,352	-	-
Land held for property development	17(a)	176,638	195,545	-	-
Investment in subsidiaries	18	-	-	224,832	231,300
Investment in associates	19	3,295	610	247	247
Other investments	20	3,496	7,299	3,181	7,093
Long-term trade receivables	23	17,349	11,097	-	-
Fund held in trust	24	3,998	-	-	-
Deferred tax assets	33	13,486	25,600	-	-
Goodwill on consolidation	21	-	-	-	-
		1,127,923	1,502,831	228,318	238,700
<b>Current assets</b>					
Property development costs	17(b)	104,619	86,738	-	-
Inventories	22	159,141	163,717	-	-
Trade and other receivables	23	108,480	89,979	549,091	536,390
Tax recoverable		2,915	1,566	2,231	687
Cash and bank balances	25	49,110	40,924	535	75
		424,265	382,924	551,857	537,152
Non-current asset classified as held for sale	26	873	-	-	-
		425,138	382,924	551,857	537,152
<b>TOTAL ASSETS</b>		<b>1,553,061</b>	<b>1,885,755</b>	<b>780,175</b>	<b>775,852</b>

# Balance Sheets

as at 31 December 2007 (Cont'd)

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	35	275,707	275,707	275,707	275,707
Share premium		57,251	57,251	57,251	57,251
Other reserves	36	159,008	159,343	19,048	19,048
Retained earnings	37	177,420	75,779	30,772	19,848
		669,386	568,080	382,778	371,854
<b>Minority interest</b>		43,785	44,458	-	-
<b>Total equity</b>		713,171	612,538	382,778	371,854
<b>Non-current liabilities</b>					
Borrowings	27	376,292	806,197	150,000	150,000
Long term liabilities	32	5,073	5,099	-	-
Deferred income	32	27,734	24,749	-	-
Deferred tax liabilities	33	92,702	132,059	-	-
Non-current liabilities		501,801	968,104	150,000	150,000
<b>Current liabilities</b>					
Borrowings	27	27,952	30,884	-	-
Trade and other payables	34	262,521	211,886	247,397	253,998
Tax payables		47,616	62,343	-	-
		338,089	305,113	247,397	253,998
<b>Total liabilities</b>		839,890	1,273,217	397,397	403,998
<b>TOTAL EQUITY AND LIABILITIES</b>		1,553,061	1,885,755	780,175	775,852

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



# Consolidated Statement Of Changes In Equity

for the year ended 31 December 2007

	Note	<--Attributable to Equity Holders of the Company-->					Minority Interests RM'000	Total Equity RM'000
		Share Capital RM'000	<-Non-Distributable-> Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000		
<b>At 1 January 2006</b>		275,699	57,232	289,064	61,872	683,867	47,799	731,666
Effects of adopting FRS 140		-	-	(75,855)	70,784	(5,071)	-	(5,071)
		275,699	57,232	213,209	132,656	678,796	47,799	726,595
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	36(a)(i)	-	-	(1,838)	1,838	-	-	-
Transfer to deferred tax	33	-	-	(45,762)	(26,026)	(71,788)	-	(71,788)
Foreign exchange differences, representing net expense recognised in equity	36(b)	-	-	(6,266)	-	(6,266)	-	(6,266)
Net transfers and losses recognised directly in equity		-	-	(53,866)	(24,188)	(78,054)	-	(78,054)
Net loss for the year		-	-	-	(32,689)	(32,689)	(3,341)	(36,030)
Total recognised income and expense for the year		-	-	(53,866)	(56,877)	(110,743)	(3,341)	(114,084)
Ordinary shares issued during the year pursuant to Warrants 1996/2006	35	8	19	-	-	27	-	27
<b>At 31 December 2006</b>		275,707	57,251	159,343	75,779	568,080	44,458	612,538



# Consolidated Statement Of Changes In Equity

for the year ended 31 December 2007 (Cont'd)

		<--Attributable to Equity Holders of the Company-->						
		<-Non-Distributable->		Distributable				
	Note	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 January 2007		275,707	57,251	159,343	75,779	568,080	44,458	612,538
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	36(a)(i)	-	-	(1,863)	1,863	-	-	-
Transfer from deferred tax	33	-	-	2,179	(703)	1,476	-	1,476
Foreign exchange differences, representing net expense recognised in equity	36(b)	-	-	(651)	-	(651)	-	(651)
Net transfers and profit recognised directly in equity		-	-	(335)	1,160	825	-	825
Net profit for the year		-	-	-	100,481	100,481	(673)	99,808
Total recognised income and expense for the year		-	-	(335)	101,641	101,306	(673)	100,633
At 31 December 2007		275,707	57,251	159,008	177,420	669,386	43,785	713,171

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

# Company Statement Of Changes In Equity

for the year ended 31 December 2007

		Share Capital RM'000	<--Non-Distributable--> Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000	Total RM'000
	Note					
<b>At 1 January 2006</b>		275,699	57,232	19,048	17,651	369,630
Ordinary shares issued during the year pursuant to Warrants 1996/2006	35	8	19	-	-	27
Profit for the year, representing total recognised income and expense for the year		-	-	-	2,197	2,197
<b>At 31 December 2006</b>		275,707	57,251	19,048	19,848	371,854
<b>At 1 January 2007</b>		275,707	57,251	19,048	19,848	371,854
Profit for the year, representing total recognised income and expense for the year		-	-	-	10,924	10,924
<b>At 31 December 2007</b>		275,707	57,251	19,048	30,772	382,778

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





# Consolidated Cash Flow Statement

## for the year ended 31 December 2007

	Note	2007 RM'000	2006 RM'000 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation from:			
Continuing operations		(12,648)	(41,375)
Discontinued operation	12	91,263	7,410
		78,615	(33,965)
Adjustments for:			
Depreciation of other property, plant and equipment	14	14,449	19,725
Depreciation of hotel properties and exhibition centre & showroom	13	4,198	4,135
Amortisation of prepaid land lease payment	16	4,488	4,048
Other property, plant and equipment written off		5	4,583
Interest expense			
- Continuing operations	5	45,590	35,327
- Discontinued operation	12	15,288	15,692
Allowance for doubtful debts - others		6,733	6,545
Allowance for doubtful debts written back		(3,497)	(1,385)
Bad debts written off		5,407	3,349
Inventories written off		95	500
Investment properties written off	15	105	-
Fair value adjustment to investment properties	15	(694)	-
Loss on disposal of investment in associate		15	-
Gain on disposal of other property, plant and equipment		(469)	(1,715)
Gain on disposal of investment properties		(84,201)	(769)
Dividend income	3	(56)	(753)
Interest income		(2,354)	(1,582)
Share of results of associates		158	119
Net foreign exchange (gain)/loss		(295)	46
Reversal of deferred income		(273)	(5,157)
(Gain)/loss on disposal of other investments		(2,055)	5,200
Impairment losses in value of other investments		124	231
Reversal of impairment losses in value of other investments		(341)	(6,390)
Amortisation of deferred income		(659)	(687)
Operating profit before working capital changes		80,376	47,097
Inventories		274	990
Property development costs		755	859
Receivables		(63,716)	(9,259)
Deferred income		3,087	5,514
Payables		45,722	(29,925)
Cash generated from operations		66,498	15,276
Interest paid		(38,143)	(39,056)
Tax paid		(1,566)	(644)
Net cash generated from/(used in) operating activities		26,789	(24,424)

# Consolidated Cash Flow Statement

## for the year ended 31 December 2007 (Cont'd)

	Note	2007 RM'000	2006 RM'000 Restated
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of other property, plant and equipment		(6,767)	(12,596)
Expenditure on hotel properties and exhibition centre & showroom	13	(1,206)	(221)
Expenditure on investment properties	15	(944)	(1,838)
Proceeds from disposal of other property, plant and equipment		1,998	3,049
Additional investment in other investments		(9,587)	(7,092)
Proceeds from disposal of other investments		15,662	7,239
Investment in associates	19	(3,110)	-
Proceeds from disposal of subsidiaries	18(a)	3,740	-
Proceeds from disposal of investment properties		421,421	2,685
Proceeds from disposal of associates	19	252	-
Interest received		2,196	1,323
Proceeds from issuance of ordinary shares		-	27
Net dividend received		46	193
Net cash generated from/(used in) investing activities		423,701	(7,231)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Bond interest expense paid		(9,000)	(8,975)
Hire purchase and lease creditors		(515)	(322)
Drawdown of golf membership loans		294	227
Drawdown of term loans		-	3,309
Repayment of term loans		(288)	(31,120)
Repayment of working capital loan		(2,740)	(5,260)
Repayment of Bank Guaranteed Commercial Paper/ Medium Term Notes	31	(4,357)	-
Drawdown of Bank Guaranteed Commercial Paper/ Medium Term Notes	31	3,000	129,098
Repayment of RCSLS Series A	30	(420,000)	-
Repayment of revolving credits		(6,900)	(59,378)
Net cash (used in)/generated from financing activities		(440,506)	27,579
Effects of exchange rate changes		(23)	(1,238)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		9,961	(5,314)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		35,154	40,468
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	45,115	35,154

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



# Company Cash Flow Statement

## for the year ended 31 December 2007

	Note	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,629	3,181
Adjustments for:			
Dividend income	3	(15,596)	(6,193)
Interest income		(14)	(13)
Interest expense	5	163	1,761
Depreciation of other property, plant and equipment	14	18	17
Impairment losses in value of other investments		124	231
Impairment losses in investment of subsidiaries		4,269	-
Reversal of impairment losses in value of other investments		(231)	(6,154)
(Gain)/loss on disposal of other investments		(2,055)	5,200
Allowance for doubtful debts:			
Subsidiaries		261	-
Other receivables		235	-
Allowance for doubtful debts written back			
Subsidiaries		(1,398)	-
Other receivables		(1,602)	-
Gain on disposal of other property, plant and equipment		(2)	-
Loss on disposal of investment in subsidiaries		1,451	-
Operating loss before working capital changes		(1,748)	(1,970)
Changes in working capital:			
Receivables		5,359	4,021
Payables		8,656	(2,454)
Related companies balances		(21,677)	1,770
Cash (used in)/generated from operations		(9,410)	1,367
Taxes paid		-	-
Interest paid		-	(392)
Net cash (used in)/generated from operating activities		(9,410)	975
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of other property, plant and equipment	14	(17)	(27)
Additional investment in a subsidiary		-	(1,100)
Proceeds from disposal of other property, plant and equipment		3	-
Proceeds from disposal of investment in subsidiaries	18(a)	3,749	-
Additional investment in other investments		(9,587)	(7,293)
Proceeds from disposal of other investments		15,662	7,239
Interest received		14	13
Net dividend received		46	139
Net cash generated from/(used in) investing activities		9,870	(1,029)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Proceeds from issuance of ordinary shares, representing cash flows from financing activity		-	27
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		460	(27)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		75	102
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	535	75

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



# Notes To The Financial Statements

## for the year ended 31 December 2007

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 8th Floor, Block A, The Mines Waterfront Business Park, No. 3, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries and associates are shown in Notes 18 and 19 to the financial statements respectively. There have been no significant changes in the nature of the principal activities of the subsidiaries and associates during the financial year except for the disposal of a shopping mall as disclosed in Note 12 to the financial statements which resulted in the discontinuance of the letting of shopping mall lots and promotion space operations.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2008.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia. At the beginning of the current financial year, the Group and Company had adopted revised FRS which are effective for periods beginning 1 October 2006 as disclosed in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis unless otherwise indicated.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### 2.2 Summary of Significant Accounting Policies

##### (a) Subsidiaries and Basis of Consolidation

###### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

###### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (a) Subsidiaries and Basis of Consolidation (Cont'd)

##### (ii) Basis of Consolidation (Cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the 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 the associate's profit or loss in the period in which the investment is acquired.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (b) Associates (Cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

##### (c) Intangible Assets

###### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (d) Property, Plant and Equipment, and Depreciation

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

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

Hotel properties and exhibition centre & showroom consist of hotels and an exhibition centre & showroom buildings. The land on which these properties are situated is leasehold and are classified as prepaid land lease payments.





# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (d) Property, Plant and Equipment, and Depreciation (Cont'd)

Hotel properties and exhibition centre & showroom are stated at their revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Depreciation of hotel properties and exhibition centre & showroom is provided for over their estimated useful lives.

Certain freehold land and building of the Group were revalued based on independent valuations on an open market value basis in 1994 and have not since been revalued. 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 have continued to be stated on the basis of their 1994 valuations less accumulated depreciation and accumulated impairment.

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

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

Freehold buildings	2%
Leasehold land	Over the leasehold period
Leasehold buildings, other than hotel properties and exhibition centre & showroom	2% - 10%
Leasehold golf courses included in golf clubs & courses and boat clubs	Over the leasehold period
Freehold clubhouse included in golf clubs & courses and boat clubs	2%
Leasehold clubhouse included in golf clubs & courses and boat clubs	Over the leasehold period
Irrigation system and equipment included in golf courses and boat clubs	10%
Office furniture and fittings	10% - 20%
Plant, machinery and equipment	10% - 33.3%
Motor vehicles	10% - 20%

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (d) Property, Plant and Equipment, and Depreciation (Cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-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 items of property, plant and equipment.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

#### (e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

#### (f) Land Held for Property Development and Property Development Costs

##### (i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (f) Land Held for Property Development and Property Development Costs (Cont'd)

###### (ii) Property Development Costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

##### (g) Impairment of Non-Financial Assets

The carrying amounts of assets, other than investment property, property development costs, inventories and deferred tax assets and non current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (g) Impairment of Non-Financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

##### (h) Inventories

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

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

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.

##### (i) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

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

##### (i) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

##### (ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and investment properties are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

##### (iii) Marketable Securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

##### (iv) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when proper action and reasonable steps had been taken by the directors to identify and ascertain its non-recoverability. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### (v) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

##### (vi) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

##### (vii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (viii) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

##### (j) Leases

###### (i) Classification

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

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(e)); and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

###### (ii) Finance Leases - the Group as Lessee

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

###### (iii) Operating Leases - the Group as Lessee

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

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





# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (j) Leases (Cont'd)

##### (iv) Operating Lease - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2(p)(vii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### (k) Borrowing Costs

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

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

#### (l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (n) Employee Benefits

##### (i) Short Term Benefits

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

##### (ii) Defined Contribution Plans

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

#### (o) Foreign Currencies

##### (i) Functional and Presentation Currency

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

##### (ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on 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 translated.

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

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (o) Foreign Currencies (Cont'd)

##### (ii) Foreign Currency Transactions (Cont'd)

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

##### (iii) Foreign Operations

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

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

#### (p) Revenue Recognition

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

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

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

##### (i) Sale of Properties

Revenue from sales of properties is accounted for by the stage of completion method as described in Note 2.2(f)(ii).

##### (ii) Revenue from Hotel Operations

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



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.2 Summary of Significant Accounting Policies (Cont'd)

(p) **Revenue Recognition (Cont'd)**

(iii) **Management Fees**

Management fees are recognised when services are rendered.

(iv) **Golf and Health Membership**

Revenue is recognised upon signing of the membership agreement.

(v) **Subscription Fees**

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

(vi) **Timeshare Fees**

Revenue from timeshare membership fees is recognised based on the nature of the services provided in relation to the timeshare fees. If the fee permits only membership, and all other services or products are paid for separately, or if there is a separate annual subscription, the fee is recognised as revenue when no significant uncertainty as to its collectability exists. If the fee entitles the member to services or publications to be provided during the membership period, or to purchase goods or services at prices lower than those charged to non members, it is recognised on a basis that reflects the timing, nature and value of the benefits provided.

Annual maintenance 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, it is recognised on receipt basis.

(vii) **Rental Income**

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

(viii) **Revenue from Services**

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

(ix) **Interest Income**

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

(x) **Revenue from Promotions**

Revenue from promotions is recognised on an accrual basis.

(xi) **Dividend Income**

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

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of Significant Accounting Policies (Cont'd)

#### (q) Deferred Income

The portion of the membership fees from timeshare membership sales described in Note 2.2(p)(vi) to the financial statements which is deferred and disclosed as deferred income is recognised over the membership period.

#### (r) Non-current Assets Held for Sale and Discontinued Operation

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. This condition 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.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than inventories, investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

### 2.3 Adoption of New and Revised FRSs

The Group and the Company have adopted the following new and revised FRS and amendments to FRS which are effective for financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above new and revised FRS and amendment to FRS do not have any significant impact to the existing accounting policies of the Group and of the Company, except for the following:

#### (a) FRS: 117 Leases

##### (i) Leasehold Land Held For Own Use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost and revalued amount less accumulated depreciation and impairment losses, if any. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease based on the carrying value at the beginning of the financial year. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Adoption of New and Revised FRSs (Cont'd)

##### (a) FRS: 117 Leases (Cont'd)

##### (i) Leasehold Land Held For Own Use (Cont'd)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b), and the comparatives figures have been restated. The effects on the consolidated balance sheet as at 31 December 2007 are set out in Note 2.3(b)(i). There were no effects on the consolidated income statement and Company's financial statements for the year ended 31 December 2007.

##### (ii) Initial Direct Costs

Prior to 1 January 2006, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group and the Company.

##### (b) Summary of Effects of Adopting New and Revised FRSs on the Current Year's Financial Statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets for the year ended 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year:

##### (i) Effects on balance sheets as at 31 December 2007

Description of change	2007
	Increase/
	(Decrease)
	FRS117
	Note
	2.3(a)
Group	RM'000
Hotel properties and exhibition centre & showroom	(329,863)
Other property, plant and equipment	(12,983)
Land held for property development	(14,097)
Prepaid land lease payments	356,943





# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.3 Adoption of New and Revised FRSs (Cont'd)

##### (c) Restatement of Comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRS:

Description of change	Previously stated RM'000	Increase/(Decrease)		Restated RM'000
		FRS117 Note 2.3(a) RM'000	Other adjustments* RM'000	
At 31 December 2006				
Group				
Hotel properties and exhibition centre & showroom	685,457	(333,790)	-	351,667
Other property, plant and equipment	160,440	(12,129)	(29,443)	118,868
Land held for property development	209,978	(14,433)	-	195,545
Prepaid land lease payments	-	360,352	-	360,352

\* Reclassification to conform with current years' presentation as disclosed in Note 43 to the financial statements.

#### 2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

	Effective for financial periods beginning on or after
(i) FRS 139 - Financial Instruments: Recognition and Measurement	Deferred
(ii) Amendments to FRS 121 - The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(iii) IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(iv) IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(v) IC Interpretation 5 - Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(vi) IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Standards and Interpretations Issued but Not Yet Effective (Cont'd)

	Effective for financial periods beginning on or after
(vii) IC Interpretation 7 - Applying the Restatement Approach under FRS 129 <sub>2004</sub> - Financial Reporting in Hyperinflationary Economies	1 July 2007
(viii) IC Interpretation 8 - Scope of FRS 2	1 July 2007
(ix) FRS 107 - Cash Flow Statements	1 July 2007
(x) FRS 111 - Construction Contracts	1 July 2007
(xi) FRS 112 - Income Taxes	1 July 2007
(xii) FRS 118 - Revenue	1 July 2007
(xiii) FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(xiv) FRS 134 - Interim Financial Reporting	1 July 2007
(xv) FRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The Group are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The adoption of the above new FRS, amendments to FRS and Interpretations will have no impact on the financial statements of the Group and Company.

#### 2.5 Significant Accounting Estimates and Judgements

##### (a) Critical Judgements Made in Applying Accounting Policies

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

##### (i) Classification Between Investment Properties and Property, Plant and Equipment

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

Some properties comprise a portion that is held to earn 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 so significant that a property does not qualify as investment property.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (a) Critical Judgements Made in Applying Accounting Policies (Cont'd)

##### (ii) Operating Lease Commitments – The Group As Lessor

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

##### (iii) Revenue Recognition

The Group commenced the Palace Health Sanctuary Programme (“PHS”) since 2006. PHS is a membership programme involving the provision of vacations and preventive healthcare to its members. The memberships are valid for a duration of 20 years.

The membership fees comprise participation and rejoining fees. Participation fees represent upfront payment (or installment plans) upon execution of membership agreements whereas rejoining fees are due and payable on a yearly basis (except for the first year free rejoining fees) pursuant to the membership agreements.

In making its judgement, directors considered the detailed criteria for the recognition of participation fees as revenue in FRS 118 Revenue and, in particular, whether it is probable the economic benefits associated with the transactions will flow to the Group. Following the assessment of the terms and conditions pursuant to the membership agreements, the limitation on the members' abilities for refund of the participation fees and the requirements for the payment of the rejoining fees for continuation of the membership, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the participation fees as revenue in the current financial year is appropriate upon execution of the membership agreements.

#### (b) Key Sources of Estimation Uncertainty

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

##### (i) Revenue Recognition on Timeshare Fee

The Group recognises the revenue on timeshare fees by using the stage of completion method. The stage of completion method is determined by the proportion that membership costs incurred to date bear to the estimated total membership costs over the period of the membership.

Significant judgement is required in determining the stage of completion, the extent of the membership costs incurred, the estimated total membership costs, as well as the recoverability of the membership fees. In making the judgement, the Group evaluates based on past experience and the analysis of membership cost incurred on yearly basis. Further details of timeshare fee are disclosed in Note 2.2(p)(vi) to the financial statements.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

##### (b) Key Sources of Estimation Uncertainty (Cont'd)

###### (ii) Fair Value of Investment Properties and of Property, Plant and Equipment Carried At Valuation

The best evidence of fair value is current prices in an active market for similar lease and other contracts or valuation carried out by independent firms of valuers annually.

In the absence of current prices in an active market, the Group considers discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows. Further details are disclosed in Notes 14 and 15 to the financial statements.

###### (iii) Property Development

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

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. Further details of property development costs are disclosed in Note 17 to the financial statements.

###### (iv) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances 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. Further details of deferred tax assets are disclosed in Note 33 to the financial statements.

###### (v) Income Tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 9 to the financial statements.

###### (vi) Revised Estimated Useful Lives of Property, Plant and Equipment

The Group reviews the estimated useful lives of certain property, plant and equipment at the end of each annual reporting period. During the current financial year, the directors are of the opinion that there is no requirement to revise the estimated useful lives of property, plant and equipment except for Country Heights Lifestyle Berhad, a subsidiary of the Company which revise its estimated useful lives of buildings to 50 years.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant Accounting Estimates and Judgements (Cont'd)

#### (b) Key Sources of Estimation Uncertainty (Cont'd)

##### (vii) Impairment of Property, Plant and Equipment and Prepaid Land Lease Payments

The directors have reviewed the carrying amounts of property, plant and equipment and prepaid land lease payments and have estimated their recoverable amounts to determine whether any impairment loss is required.

In estimating the recoverable amounts of hotel properties and certain other property, plant and equipment and prepaid land lease payments, the directors have made reference to valuations on 29 February 2008 by Mr. Chockalingam P. Mohan, a register valuer of TD Aziz Sdn Bhd, an independent firm of professional valuers using the comparison method, involving comparisons to other similar properties. The directors have also made reference to values-in-use of those properties in determining the recoverable amount.

The recoverable amount of the exhibition centre & showroom used in the impairment review is determined based on a valuation report dated 29 February 2008 by Mr. Chockalingam P. Mohan, a register valuer of TD Aziz Sdn Bhd, an independent firm of professional valuers, using the comparison method and the depreciated replacement cost method. The directors have also made reference to values-in-use of those properties, which involves judgment and estimation of the cash generating unit ("CGU") to which the assets belong and the use of appropriate discount rates on pre-tax basis.

The recoverable amount of certain property, plant and equipment and prepaid land lease payments are based on value-in-use involving judgment and estimation of the cash generating unit ("CGU") to which the assets belong and the use of appropriate discount rates on a pre-tax basis.

The directors are of the opinion that there is no impairment to the carrying amounts of items in property, plant and equipment and prepaid land lease payments.

## 3. REVENUE

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
		Restated		
<b>Continuing operations</b>				
Property development	90,491	50,518	-	-
Hotel operations	54,625	45,338	-	-
Exhibition operations	2,545	5,883	-	-
Leisure, health programs and timeshare operations	63,423	66,413	-	-
Rental operations	5,401	4,552	-	-
Gross dividend income				
- quoted shares	56	193	56	193
- unquoted shares	-	560	15,540	6,000
Management fees from subsidiaries	-	-	2,206	2,113
Others	3,239	654	-	-
	219,780	174,111	17,802	8,306

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 4. COST OF SALES

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
<b>Continuing operations</b>					
Property development		28,976	13,155	-	-
Cost of inventories sold		10,522	8,313	-	-
Cost of service rendered		61,834	60,785	-	-
		101,332	82,253	-	-

### 5. FINANCE COSTS

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
<b>Continuing operations</b>					
Interest expense on:					
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009	29	12,000	12,000	12,000	12,000
Reimbursed from a subsidiary		-	-	(12,000)	(12,000)
		12,000	12,000	-	-
Term loans, revolving credits, working capital loan and bank overdrafts		4,950	8,700	-	-
Hire purchase and lease 420,000,000 Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A")	30	9,015	9,508	-	-
68,821,674 Redeemable Secured Loan Stock 2004/2011 ("RSLs Series B")	30	10,436	-	-	-
Bank Guaranteed Medium Term Notes and Commercial Paper	31	6,805	4,144	-	-
Intercompany		-	-	-	1,369
Others		2,781	2,145	163	392
		46,357	36,659	163	1,761
Less: Interest expense capitalised in qualifying assets					
- Property development cost	17(b)	(767)	(1,332)	-	-
		45,590	35,327	163	1,761



## Notes To The Financial Statements

### for the year ended 31 December 2007 (Cont'd)

#### 6. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax from continuing and discontinued operations:

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
Employee benefits expense	7	46,690	42,262	2,019	2,237
Non-executive Company directors' remuneration	8	107	96	93	81
Auditors' remuneration:					
Statutory audits					
- Ernst & Young		397	397	50	50
- Others		141	141	-	-
Other services		93	10	-	-
Allowance for doubtful debts:					
- Subsidiaries		-	-	261	-
- Others		6,733	6,545	235	-
Allowance for doubtful debts written back					
- Subsidiaries		-	-	(1,398)	-
- Others		(3,497)	(1,385)	(1,602)	-
Amortisation of deferred income		(659)	(687)	-	-
Amortisation of prepaid land lease payments		4,488	4,048	-	-
Bad debts written off		5,407	3,349	-	-
Depreciation of other property, plant and equipment	14	14,449	19,725	18	17
Depreciation of hotel properties and exhibition centre & showroom	13	4,198	4,135	-	-
Fair value adjustment to investment properties	15	(694)	-	-	-
Loss on disposal of investment in subsidiaries		-	-	1,451	-
Loss on disposal of investment in associate		15	-	-	-
(Gain)/loss on disposal of other investments		(2,055)	5,200	(2,055)	5,200
Gain on disposal of other property, plant and equipment	(a)	(469)	(1,715)	(2)	-
Gain on disposal of investment properties	(a)	(84,201)	(769)	-	-
Bad debts recovered		(4)	-	-	-



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 6. (LOSS)/PROFIT BEFORE TAX (CONT'D)

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
Interest income:					
- Short term deposits		(1,878)	(1,582)	(14)	(13)
- Others		(476)	-	-	-
Net foreign exchange (gain)/loss		(295)	46	-	-
Impairment losses in value of					
- other investments		124	231	124	231
- investment in subsidiaries		-	-	4,269	-
Inventories written off		95	500	-	-
Investment properties written off	15	105	-	-	-
Lease rental expense		1,473	288	69	-
Other property, plant and equipment written off		5	4,583	-	-
Rental expense		1,087	1,803	-	-
Rental income		(1,642)	(228)	-	-
Rental of equipment		125	598	-	-
Reversal of deferred income		(273)	(5,157)	-	-
Reversal of impairment losses in value of other investments		(341)	(6,390)	(231)	(6,154)
Tax penalty		2,744	2,492	-	-

- (a) Included in gains on disposal of other property, plant and equipment and investment properties of the Group are RM82,552,000 and RM358,000 respectively arising from the disposal of Mines Shopping Fair as disclosed in Note 12 to the financial statements.

### 7. EMPLOYEE BENEFITS EXPENSE

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
Wages and salaries		35,208	35,524	1,561	1,672
Social security costs		463	315	8	8
Contribution to defined contribution plans		3,722	3,580	175	178
Other staff related expenses		7,297	2,843	275	379
		46,690	42,262	2,019	2,237

Included in employee benefits expense of the Group and of the Company are remuneration (excluding benefits-in-kind) of executive directors of the Group and of the Company amounting to RM2,160,000 (2006: RM2,136,000) and RM911,000 (2006: RM682,000) respectively as further disclosed in Note 8 to financial statements.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 8. DIRECTORS' REMUNERATION

Note	Group		Company	
	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
<b><u>Directors of the Company</u></b>				
<b>Executive:</b>				
<b>(a) Salaries and other emoluments</b>				
Tan Sri Lee Kim Tiong @				
Lee Kim Yew	321	321	321	321
Dato' Ong Chong Sek	94	106	10	10
Abu Yazid bin Muharam				
(redesignated as Non Executive Director effective April 2006)	60	88	-	-
Ng Nyi Hong (f)				
(redesignated as Non Executive Director effective March 2007)	48	204	-	12
Choo Chee Beng	179	167	10	10
Lee Sow Lin (f)	274	274	10	10
	976	1,160	351	363
<b>(b) Bonus</b>				
- Current year's provisions				
Tan Sri Lee Kim Tiong @				
Lee Kim Yew	-	-	-	-
Dato' Ong Chong Sek	428	269	428	269
Abu Yazid bin Muharam				
(redesignated as Non Executive Director effective April 2006)	-	-	-	-
Ng Nyi Hong (f)				
(redesignated as Non Executive Director effective March 2007)	-	-	-	-
Choo Chee Beng	21	-	21	-
Lee Sow Lin (f)	-	-	-	-
	449	269	449	269
<b>(c) Contribution to defined contribution plans</b>				
Tan Sri Lee Kim Tiong @				
Lee Kim Yew	45	45	45	45
Dato' Ong Chong Sek	73	13	61	1
Abu Yazid bin Muharam				
(redesignated as Non Executive Director effective April 2006)	-	7	-	-
Ng Nyi Hong (f)				
(redesignated as Non Executive Director effective March 2007)	7	28	-	2
Choo Chee Beng	25	20	4	1
Lee Sow Lin (f)	38	38	1	1
	188	151	111	50

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 8. DIRECTORS' REMUNERATION (CONT'D)

Note	Group		Company	
	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
<b>(d) Benefits-in-kind</b>				
Tan Sri Lee Kim Tiong @				
Lee Kim Yew	41	52	41	52
Dato' Ong Chong Sek	25	19	-	-
Abu Yazid bin Muharam				
(redesignated as Non Executive Director effective April 2006)	-	1	-	-
Ng Nyi Hong (f)				
(redesignated as Non Executive Director effective March 2007)	1	5	-	-
Choo Chee Beng	7	7	-	-
Lee Sow Lin (f)	29	17	-	-
	103	101	41	52
<b>Total</b>	<b>1,716</b>	<b>1,681</b>	<b>952</b>	<b>734</b>
<b>Non-executive:</b>				
<b>(a) Fees</b>				
Gen. Tan Sri (Dr)				
Mohamed Hashim bin				
Mohd Ali (Rtd)	23	23	23	23
Dato' Azhar bin Hashim	19	19	19	19
Academician Tan Sri Datuk				
Dr. Ong Soon Hock	19	19	19	19
Choo Chin Thye	10	10	10	10
Abu Yazid bin Muharam				
(redesignated as Non Executive Director effective April 2006)	10	10	10	10
Ng Nyi Hong (f)				
(redesignated as Non Executive Director effective March 2007)	12	-	12	-
	93	81	93	81
<b>Grand total</b>	<b>1,809</b>	<b>1,762</b>	<b>1,045</b>	<b>815</b>
<b>Directors of subsidiaries</b>				
<b>Executive:</b>				
Salaries and other emoluments	288	347	-	-
Bonus	33	31	-	-
Contribution to defined contribution plans	62	62	-	-
Other emoluments	164	116	-	-
Benefits-in-kind	8	10	-	-
	555	566	-	-



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 8. DIRECTORS' REMUNERATION (CONT'D)

		Group	Company	
Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
Non-executive:				
Fees	14	15	-	-
	569	581	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	2,160	2,136	911	682
Total non-executive directors' remuneration	6	96	93	81
Total directors' remuneration excluding benefits-in-kind	40(b)	2,267	1,004	763

### 9. INCOME TAX EXPENSE

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Continuing operations					
Income tax:					
Malaysian income tax		4,345	2,057	1,659	262
Foreign tax		148	181	-	-
(Over)/under provided in prior years		(716)	344	46	722
Tax saving from group relief		(841)	(1,000)	-	-
		2,936	1,582	1,705	984
Deferred tax:	33				
Relating to origination and reversal of temporary differences		10,992	1,710	-	-
Relating to changes in Malaysian statutory tax rates		(605)	(530)	-	-
Reversal of temporary differences in respect of depreciation on revaluation surplus		(992)	(1,023)	-	-
Under provided in prior years		129	299	-	-
		9,524	456	-	-
Total income tax expense from continuing operations		12,460	2,038	1,705	984



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 9. INCOME TAX EXPENSE (CONT'D)

		Group	Company
Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000
			2006 RM'000
Discontinued operation			
Income tax:			
Malaysian income tax	1,707	-	-
Over provided in prior years	(40)	-	-
	1,667	-	-
Deferred tax:	33		
Relating to origination and reversal of temporary differences	(33,926)	(6)	-
Relating to changes in Malaysian statutory tax rates	(1,358)	(3)	-
(Over)/under provided in prior years	(36)	36	-
	(35,320)	27	-
Total income tax expense from discontinued operations	12	27	-
Total income tax expense	(21,193)	2,065	984

Domestic current income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. In the previous financial year, the income tax rate applicable to the subsidiaries in South Africa was reduced from 30% to 29%. However, there is no change to the tax rate in the current financial year.

Taxation for small and medium scale subsidiaries with paid-up capital of RM2,500,000 and below are calculated at the rate of 20% on chargeable income of up to RM500,000 (2006: RM500,000). For chargeable income in excess of RM500,000, the statutory tax rate of 27% (2006: 28%) is applicable.

The group tax charge for the year has been reduced by RM841,000 (2006: RM1,000,000) because of the losses surrendered by certain loss making subsidiaries to certain profit making subsidiaries. No payment for this surrender was made among the subsidiaries involved.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 9. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit 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:

<b>Group</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
(Loss)/profit before tax from:		
Continuing operations	(12,648)	(41,375)
Discontinued operation	91,263	7,410
	<b>78,615</b>	<b>(33,965)</b>
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	21,226	(9,510)
Effect of different tax rate for small and medium scale subsidiaries of 20% for the first chargeable income of RM500,000	(29)	-
Effect of different tax rates in other countries	3	(5)
Effect of reduction in Malaysian income tax rate	(1,963)	(533)
Effects of share of results of associates	43	33
Income not subject to tax	(72,117)	(13,033)
Expenses not deductible for tax purposes	22,977	17,848
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,483)	(2,026)
Deferred tax assets recognised on unutilised business losses and capital allowances brought forward	(1,612)	4
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	14,294	10,631
(Over)/under provision of tax expense in prior years	(756)	344
Underprovision of deferred tax in prior years	93	335
Reversal of deferred tax liabilities in respect of depreciation transfer on revalued hotel properties and exhibition centre & showroom	(992)	(1,023)
Reversal of deferred tax recognised for revalued freehold land and building	(36)	-
Tax saving from group relief in subsidiaries	(841)	(1,000)
<b>Tax expense for the year</b>	<b>(21,193)</b>	<b>2,065</b>
<b>Company</b>		
Profit before tax	12,629	3,181
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	3,410	891
Effect of income not subject to tax	(1,974)	(1,120)
Effect of expenses not deductible for tax purposes	1,499	486
Deferred tax assets recognised in respect of current year's tax losses and unabsorbed capital allowances	(1,276)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	5
Under provision of income tax expense in prior years	46	722
<b>Tax expense for the year</b>	<b>1,705</b>	<b>984</b>

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 10. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss from continuing operations attributable to ordinary equity holders of the Company	(24,435)	(40,072)
Profit from discontinued operation attributable to ordinary equity holders of the Company	124,916	7,383
Profit/(loss) attributable to ordinary equity holders of the Company	100,481	(32,689)
Weighted average number of ordinary shares in issue for basic earning per share ('000)	275,707	275,707
	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>sen</b>	<b>sen</b>
Basic earning per share for:		
Loss from continuing operations	(8.86)	(14.53)
Profit from discontinued operation	45.31	2.68
Profit/(loss) for the year	36.45	(11.85)

#### (b) Diluted

There is no dilution in earnings per share.

### 11. DIVIDENDS

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

### 12. DISCONTINUED OPERATION

On 16 August 2007, Mines Shopping Fair Sdn Bhd ("MSFSB"), a wholly-owned subsidiary of East Vision Leisure Group Sdn Bhd ("EVL"), which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("MSF Agreement") with Mutual Streams Sdn Bhd ("MSSB") to dispose of Mines Shopping Fair ("MSF") comprising land and a shopping mall erected thereon for a cash consideration of RM432,000,000. The disposal resulted in gain on disposal to the Group of RM82,910,000 and the reversal of deferred tax liabilities to the Group of RM35,320,000 during the financial year.

MSSB is currently in the process of registering the transfer of the land title. The disposal of MSF, resulted in the discontinued of the letting of shopping mall lots and promotion space operations, which was included in the rental operations segment.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 12. DISCONTINUED OPERATION (CONT'D)

An analysis of the result of discontinued operation is as follows:

	Note	Group	
		2007 RM'000	2006 RM'000
Revenue		38,755	39,054
Cost of sales		(9,348)	(8,776)
Gross profit		29,407	30,278
Other income, including gain on disposal of Mines Shopping Fair		85,067	265
Expenses		(7,923)	(7,441)
Finance cost, representing interest on RCSLS Series A	30	(15,288)	(15,692)
Profit before tax of discontinued operation		91,263	7,410
Income tax expense, including reversal of deferred tax liabilities on disposal of Mines Shopping Fair	9	33,653	(27)
Profit for the year from discontinued operation		124,916	7,383

The following amounts have been included in arriving at profit before tax of discontinued operation:

	Note	Group	
		2007 RM'000	2006 RM'000
Employee benefits expenses		5,418	4,504
Allowance for doubtful debts		376	798
Allowance for doubtful debts written back		(22)	(313)
Depreciation of other property, plant and equipment		312	395
Interest expense on RCSLS Series A	30	15,288	15,692
Gain on disposal of other property, plant and equipment		(425)	-
Gain on disposal of investment properties		(82,552)	-
Business disruption fees	(a)	1,873	-

- (a) During the financial year, Mines Shopping Fair Sdn Bhd ("MSFSB") entered into arrangements with Mutual Stream Sdn Bhd ("MSSB") to act as originator in respect of the issuance of an asset-backed securities by MSSB related to Mines Shopping Fair for a business disruption fees of RM2,000,000 less professional fee of RM127,000 in relation to the disposal of Mines Shopping Fair.

The cash flows attributable to the discontinued operation are as follows:

	Group	
	2007 RM'000	2006 RM'000
Operating cash flows	(418,483)	(4,782)
Investing cash flows	420,290	(1,890)
Financing cash flows	-	2,500
Total cash flows	1,807	(4,172)



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 13. HOTEL PROPERTIES AND EXHIBITION CENTRE & SHOWROOM

Group	Hotel Properties RM'000	Exhibition Centre & Showroom RM'000	Total RM'000
<b>At 31 December 2007</b>			
<b>Valuation</b>			
At 1 January 2007	306,669	134,840	441,509
Additions	1,206	-	1,206
At 31 December 2007	307,875	134,840	442,715
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2007			
Accumulated depreciation	3,283	852	4,135
Accumulated impairment losses	24,162	61,545	85,707
Depreciation charge for the year	27,445	62,397	89,842
	3,346	852	4,198
At 31 December 2007	30,791	63,249	94,040
<b>Net carrying amount</b>	277,084	71,591	348,675
<b>At 31 December 2006 (Restated)</b>			
<b>Valuation</b>			
At 1 January 2006	306,448	134,840	441,288
Additions	221	-	221
At 31 December 2006	306,669	134,840	441,509
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2006			
Accumulated depreciation	-	-	-
Accumulated impairment losses	24,162	61,545	85,707
Depreciation charge for the year	24,162	61,545	85,707
	3,283	852	4,135
At 31 December 2006	27,445	62,397	89,842
<b>Net carrying amount</b>	279,224	72,443	351,667

Hotel properties comprise Palace of the Golden Horses and Palace Beach & Spa held by Golden Horse Palace Berhad ("GHP") (previously known as Mines City Hotel Berhad) and Mines Beach Resort Sdn Bhd ("MBR") respectively.



## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 13. HOTEL PROPERTIES AND EXHIBITION CENTRE & SHOWROOM (CONT'D)

Palace of the Golden Horses was revalued on 20 May 2004 by James Wong Kwong Onn, a Registered Valuer of the independent professional valuer company, VPC Alliance (KL) Sdn Bhd, using the investment method.

No adjustment has been made to the carrying amount of Palace of the Golden Horses since 20 May 2004 as the directors, based on another valuation carried out dated 29 February 2008 by Mr. Chockalingam P.Mohan, a registered valuer of TD Aziz Sdn Bhd, an independent firm of professional valuers, using the comparison method of valuation, were of opinion that the said carrying amount did not differ materially from the market value as of that date.

Palace Beach & Spa is stated at directors' assessment of valuation which is determined by reference to a professional valuation carried out by Mr. Chockalingam P.Mohan, a registered valuer of the independent professional valuer company, TD Aziz Sdn Bhd on 29 February 2008 using the comparison method and by directors' reference to the value-in-use of Palace Beach & Spa.

Malaysia International Exhibition & Convention Centre & Showroom held by Mines International Exhibition Centre Sdn Bhd is stated at directors' assessment of valuation which is determined by reference to a professional valuation carried out by Chockalingam P.Mohan, a registered valuer of the independent professional valuer company, TD Aziz Sdn Bhd on 29 February 2008 using the comparison method and depreciated replacement cost method.

At 31 December 2007, had the revalued hotel properties and exhibition centre & showroom of the Group been carried under the cost model, the carrying amount would have been RM249,855,000 (2006: RM251,624,000) and RM71,591,000 (2006: RM72,443,000) respectively.

The Palace of the Golden Horses and Malaysia International Exhibition & Convention Centre & Showroom are pledged as securities for borrowings as disclosed in Notes 29 and 30 to the financial statements.

### 14. OTHER PROPERTY, PLANT AND EQUIPMENT

		Freehold Land and Buildings	Leasehold Buildings	Office Furniture and Fittings	Plant, Machinery and Equipment	Golf Clubs & Courses and Boat Clubs	Motor Vehicles	Capital Work-in- Progress	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
<b>At 31 December 2007</b>									
<b>Cost/Transitional Cost*</b>									
At 1 January 2007		2,022	13,045	36,165	119,198	68,356	7,581	30,248	276,615
Additions		-	-	1,526	1,404	77	738	3,760	7,505
Transfer from/(to)									
investment properties	15	2,136	809	-	112	-	-	(270)	2,787
Disposals/write-off		-	-	(2,161)	(1,944)	(188)	(875)	(12)	(5,180)
Disposal of subsidiaries	18(a)	-	-	(3,507)	-	-	(1,186)	-	(4,693)
Exchange differences		-	-	(40)	-	(543)	(5)	-	(588)
At 31 December 2007		4,158	13,854	31,983	118,770	67,702	6,253	33,726	276,446
<b>Representing:</b>									
At cost		-	13,854	31,983	118,770	67,702	6,253	33,726	272,288
At transitional cost*		4,158	-	-	-	-	-	-	4,158

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 14. OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs & Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
<b>Accumulated Depreciation and Impairment Losses</b>									
At 1 January 2007									
Accumulated depreciation		387	2,194	31,297	100,125	10,392	5,035	-	149,430
Accumulated impairment losses		-	-	-	-	-	-	8,317	8,317
		387	2,194	31,297	100,125	10,392	5,035	8,317	157,747
Depreciation charge for the year		-	351	2,031	9,744	1,551	772	-	14,449
Disposals/write-off		-	-	(1,571)	(1,074)	(183)	(818)	-	(3,646)
Disposal of subsidiaries	18(a)	-	-	(3,504)	-	-	(1,185)	-	(4,689)
Exchange differences		-	-	(33)	-	(56)	(2)	-	(91)
At 31 December 2007		387	2,545	28,220	108,795	11,704	3,802	8,317	163,770
<b>Net Carrying Amount</b>									
At cost		-	11,309	3,763	9,975	55,998	2,451	25,409	108,905
At transitional cost*		3,771	-	-	-	-	-	-	3,771
		3,771	11,309	3,763	9,975	55,998	2,451	25,409	112,676

\* Revalued based on independent valuations on the open market value basis in 1994 as allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment; these assets have continued to be stated at surrogate cost, based on the 1994 valuations.

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs & Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
<b>At 31 December 2006 (Restated)</b>									
<b>Cost/Transitional Cost*</b>									
At 1 January 2006		2,022	9,535	35,273	122,781	72,346	7,697	25,790	275,444
Additions		-	4,347	1,431	1,913	260	670	4,469	13,090
Disposals/write-off		-	(837)	(290)	(5,496)	(597)	(751)	(11)	(7,982)
Exchange differences		-	-	(249)	-	(3,653)	(35)	-	(3,937)
At 31 December 2006		2,022	13,045	36,165	119,198	68,356	7,581	30,248	276,615
Representing:									
At cost		-	13,045	36,165	119,198	68,356	7,581	30,248	274,593
At transitional cost*		2,022	-	-	-	-	-	-	2,022



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 14. OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs & Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
<b>Accumulated Depreciation and Impairment Losses</b>									
At 1 January 2006									
Accumulated depreciation		355	1,868	28,580	87,294	9,144	5,162	-	132,403
Accumulated impairment losses		-	-	-	-	-	-	8,317	8,317
		355	1,868	28,580	87,294	9,144	5,162	8,317	140,720
Depreciation charge for the year		32	694	3,045	13,728	1,632	594	-	19,725
Disposals/write-off		-	(368)	(120)	(897)	-	(710)	-	(2,095)
Exchange differences		-	-	(208)	-	(384)	(11)	-	(603)
At cost		387	2,194	31,297	100,125	10,392	5,035	8,317	157,747
<b>Net Carrying Amount</b>									
At cost		-	10,851	4,868	19,073	57,964	2,546	21,931	117,233
At transitional cost*		1,635	-	-	-	-	-	-	1,635
		1,635	10,851	4,868	19,073	57,964	2,546	21,931	118,868

\* Revalued based on independent valuations on the open market value basis in 1994 as allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment; these assets have continued to be stated at surrogate cost, based on the 1994 valuations.

Company	Office Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Renovation RM'000	Total RM'000
<b>At 31 December 2007</b>					
<b>Cost</b>					
At 1 January 2007	32	49	7	16	104
Additions	-	14	-	3	17
Disposal	-	(4)	-	-	(4)
At 31 December 2007	32	59	7	19	117
<b>Accumulated Depreciation</b>					
At 1 January 2007	9	27	3	5	44
Depreciation charge for the year	3	12	1	2	18
Disposal	-	(3)	-	-	(3)
At 31 December 2007	12	36	4	7	59
<b>Net Carrying Amount</b>	20	23	3	12	58



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 14. OTHER PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Renovation RM'000	Total RM'000
<b>At 31 December 2006</b>					
<b>Cost</b>					
At 1 January 2006	16	38	7	16	77
Additions	16	11	-	-	27
At 31 December 2006	32	49	7	16	104
<b>Accumulated Depreciation</b>					
At 1 January 2006	6	16	2	3	27
Depreciation charge for the year	3	11	1	2	17
At 31 December 2006	9	27	3	5	44
<b>Net Carrying Amount</b>	23	22	4	11	60

- Certain freehold land and buildings of the Group were revalued based on independent valuations carried out by En. Sulaiman Mustafa, a registered valuer in Jones Lang Wootton, on an open market value basis in 1994. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, these assets have continued to be stated at surrogate cost, based on the 1994 valuations.
- During the financial year, the Group acquired other property, plant and equipment at aggregate costs of RM7,505,000 (2006: RM13,090,000) of which RM738,000 (2006: RM552,000) were acquired by means of hire purchase and finance lease arrangements. Net carrying amount of other property, plant and equipment of the Group held under hire purchase and finance lease arrangements as at balance sheet date is RM2,232,000 (2006: RM1,520,000).
- The net carrying amount of other property, plant and equipment of RM41,552,000 (2006: RM43,865,000) are pledged as security for borrowings as disclosed in Notes 27, 29 and 30 to the financial statements.
- A subsidiary, Country Heights Lifestyle Berhad, is in the process of obtaining the strata titles for certain apartment units included in leasehold buildings from the respective developers. Net book value of those apartment units amounted to RM921,000 (2006: RM955,000).



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 15. INVESTMENT PROPERTIES

		<b>Group</b>	
	<b>Note</b>	<b>2007 RM'000</b>	<b>2006 RM'000 Restated</b>
At 1 January		431,793	416,642
Effect of adopting FRS 140 (*)		-	15,270
Additions from subsequent expenditure		944	1,838
Disposals		(337,220)	(1,957)
Written off	6	(105)	-
Transfer to prepaid land lease payment	16	(1,079)	-
Transfer to property, plant and equipment	14	(2,787)	-
Reclassified as non-current asset held for sale	26	(873)	-
Fair value adjustment	6	694	-
At 31 December		91,367	431,793

\* Revalued based on independent valuations on the open market value basis in 1994 as allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment; these assets have continued to be stated at surrogate cost, based on the 1994 valuations.

Fair value for investment properties are arrived at by reference to market evidence of transaction prices for similar properties, performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. In the absence of current prices in an active market, fair value for certain investment properties were stated based on value-in-use.

The following investment properties are held under lease terms:

	<b>Group</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000 Restated</b>
Leasehold land	54,374	230,255
Buildings	21,331	183,771
	75,705	414,026

The investment properties with carrying amount of RM88,743,000 (2006: RM431,612,000) are pledged as security for borrowings as disclosed in Notes 29 and 30 to the financial statements.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 16. PREPAID LAND LEASE PAYMENTS

		<b>Group</b>	
	<b>Note</b>	<b>2007 RM'000</b>	<b>2006 RM'000 Restated</b>
At 1 January		360,352	364,400
Transfer from investment properties	15	1,079	-
Amortisation for the year		(4,488)	(4,048)
At 31 December		356,943	360,352
Analysed as:			
Long term leasehold land		356,943	360,352
Short term leasehold land		-	-
		356,943	360,352

Included in prepaid land lease payments are certain parcels of land, with an aggregate carrying value of RM14,097,000 (2006: RM14,433,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Prepaid land lease payments with carrying amount of RM340,153,000 (2006: RM343,187,000) are pledged as security for borrowings as disclosed in Note 27, 29 and 30 to the financial statements.

### 17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

#### (a) Land Held for Property Development

<b>Group</b>	<b>Note</b>	<b>Freehold Land RM'000</b>	<b>Leasehold Land RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2007</b>				
<b>Cost/Carrying amount</b>				
At 1 January 2007		130,675	64,870	195,545
Additions		3,227	9,253	12,480
Transfer to property development cost	17(b)	(17,043)	(14,344)	(31,387)
At 31 December 2007		116,859	59,779	176,638
<b>At 31 December 2006 (Restated)</b>				
<b>Cost/Carrying amount</b>				
At 1 January 2006		139,511	62,122	201,633
Additions		4,628	1,855	6,483
Transfer from/(to) property development cost	17(b)	(13,464)	893	(12,571)
At 31 December 2006		130,675	64,870	195,545

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

#### (a) Land Held for Property Development (Cont'd)

Included in land held for property development are certain parcels of land, with an aggregate carrying value of RM50,659,000 (2006: RM50,413,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Land held for property development with a carrying amount of RM73,921,000 (2006: RM87,983,000) are pledged as security for borrowings as disclosed in Notes 27 and 31 to the financial statements.

#### (b) Property Development Costs

		Group
	Note	2007 RM'000
		2006 RM'000
Property development costs at 1 January:		
Freehold land		109,250
Leasehold land		163
Development costs		218,088
		327,501
Costs incurred during the year:		
Freehold land		-
Leasehold land		-
Development costs		20,763
		20,763
Cost recognised in income statement:		
At 1 January		(240,763)
Recognised during the year		(28,825)
		(269,588)
Transfers:		
From land held for property development	17(a)	31,387
To inventories		(5,444)
		25,943
Property development costs at 31 December		104,619

Included in property development costs incurred during the financial year is interest capitalised of RM767,000 (2006: RM1,332,000).

The property development costs with a carrying amount of RM49,357,000 (2006: RM37,521,000) are pledged as security for borrowings as disclosed in Note 31 to the financial statements.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares:		
- at cost	233,201	235,400
Less: Accumulated impairment losses	(8,369)	(4,100)
	<b>224,832</b>	<b>231,300</b>

In the previous financial year, the entire issued and paid up share capital of Mines Shopping Fair Sdn Bhd, Mines Waterfront Business Park Sdn Bhd and Mines International Exhibition Centre Sdn Bhd were charged as security in favour of Khazanah Nasional Berhad and AmInvestment Bank Berhad ("AmInvestment") (previously known as AmMerchant Bank Berhad), AmFinance Berhad, AmBank Berhad, RHB Bank Berhad ("RHB") and CIMB Bank Berhad ("CIMB") ("Lenders") in relation to the issuance of RCSLS Series A and RSL Series B as disclosed in Note 30 to the financial statements.

RCSLS Series A has been fully redeemed during the financial year as disclosed in the Note 30 to the financial statements.

Details of subsidiaries are as follows:

<b>Names of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Principal Activities</b>	<b>Proportion of Ownership Interest (%)</b>	
			<b>2007</b>	<b>2006</b>
Country Heights Sdn Bhd	Malaysia	Property development	100	100
College Heights Utara Sdn Bhd	Malaysia		100	100
Borneo Heights Sdn Bhd	Malaysia	Property development and property investment	70	70
Country Heights Parade Sdn Bhd	Malaysia	Property development	-	100
Tindak Murni Sdn Bhd	Malaysia		100	100
Country Heights Industries Sdn Bhd	Malaysia	Property development and property investment	100	100
Country Heights W.T.C. Sdn Bhd	Malaysia		100	100
Country Heights Properties Sdn Bhd	Malaysia	Project management and investment holding	100	100
Etika Cergas (M) Sdn Bhd	Malaysia	Investment holding	100	100
Speedbuild Sdn Bhd	Malaysia		100	100
Steady Prospect Sdn Bhd	Malaysia		100	100
East Vision Leisure Group Sdn Bhd	Malaysia		100	100
Mines Holdings Sdn Bhd	Malaysia		100	100



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)	
			2007	2006
+ Country Heights China Ltd	Labuan	Investment holding	100	100
+ Country Heights Global Ltd	Labuan	Dormant	100	100
Walum Enterprise Sdn Bhd	Malaysia	Ownership of land held for property development	100	100
Hasil Cermat Sdn Bhd	Malaysia		100	100
Country Heights Development Sdn Bhd	Malaysia	Property investment	100	100
Country Heights Marketing Sdn Bhd	Malaysia	Provision of marketing services	-	100
Country Heights eMarketing Services Sdn Bhd (previously known as IDEC Home Furnishing Centre Sdn Bhd)	Malaysia	Provision of marketing services	100	-
Versatile Champion Sdn Bhd	Malaysia	Property trading	100	100
Nasmaya Juara Sdn Bhd	Malaysia	Building and infrastructure contractor	100	100
+ Golden Horse Palace Berhad (previously known as Mines City Hotel Berhad)	Malaysia	Ownership and operation of a hotel and provision of health programs	81	81
Mines ePurse Sdn Bhd	Malaysia	Resort and hotel management and investment holding	100	100
Country Heights Resorts & Leisure Sdn Bhd	Malaysia	Resort management and investment holding	100	100
Lokasi Istimewa Sdn Bhd	Malaysia	Dormant	100	100
Magnitude Knight (M) Sdn Bhd	Malaysia	Investment holding	100	100
IMEC Education Services Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Resources Management (M) Sdn Bhd	Malaysia		100	100
Country Heights Property Development Berhad	Malaysia		100	100

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)	
			2007	2006
Country Heights Garden Resort (Sibu) Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Sea Resort Sdn Bhd	Malaysia	Dormant	100	100
Kristal Peramah (M) Sdn Bhd	Malaysia	Provision of project developer services	100	100
Country Heights Education Sdn Bhd	Malaysia	Provision of educational related services	70	70
Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd	Malaysia	Dormant	60	60
Country Heights Quality Life Services Sdn Bhd	Malaysia	Dormant	60	60
Country Heights Promotions Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary of Borneo Heights Sdn Bhd</b>				
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	Ownership & operation of a golf course and club hotel	100	100
<b>Subsidiary of Country Heights Industries Sdn Bhd</b>				
Master Strike Sdn Bhd	Malaysia	Property investment	100	100
<b>Subsidiaries of Country Heights Properties Sdn Bhd</b>				
+ Best Golden Inc	British Virgin Islands	Dormant	100	100
Country Heights Enterprise Sdn Bhd	Malaysia	Investment holding and property development	100	100
Mega Palm Sdn Bhd	Malaysia	Property development	100	100
Country Heights Pangsa Rakyat Sdn Bhd	Malaysia	Property investment	100	100
<b>Subsidiary of Country Heights Enterprise Sdn Bhd</b>				
Country Heights Golden Lifestyle Sdn Bhd	Malaysia	Dormant	100	100

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)	
			2007	2006
Subsidiary of Speedbuild Sdn Bhd				
+ Lines Pte Ltd	United Kingdom	Dormant	100	100
Subsidiaries of Steady Prospect Sdn Bhd				
Fresh Innovatives Sdn Bhd	Malaysia	Property investment	100	100
Profound Concept Sdn Bhd	Malaysia	Property development	100	100
Endless Gain Sdn Bhd	Malaysia	Letting of shops	100	100
Subsidiaries of Mines Holdings Sdn Bhd				
Timbang Makmur Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Health Tourism Sdn Bhd	Malaysia	Provision of health screening services and health programs	70	70
Mines Beach Resort Sdn Bhd	Malaysia	Ownership & operator of a hotel	100	100
Mines Engineering & Technical Services Sdn Bhd	Malaysia	Dormant	100	100
Kin No Uma Sdn Bhd	Malaysia	Dormant	100	100
+ Country Heights Promotions Limited	British Virgin Islands		100	100
Ten Plus One Sdn Bhd	Malaysia		100	100
IDEC (M) Sdn Bhd	Malaysia		100	100
Country Heights eMarketing Services Sdn Bhd (previously known as IDEC Home Furnishing Centre Sdn Bhd)	Malaysia		-	100
Subsidiaries of East Vision Leisure Group Sdn Bhd				
Mines Shopping Fair Sdn Bhd	Malaysia	Letting of shopping mall lots and promotion space*	100	100



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)	
			2007	2006
Mines Waterfront Business Park Sdn Bhd	Malaysia	Letting of office blocks	100	100
Mines International Exhibition Centre Sdn Bhd	Malaysia	Investment holding, manager of exhibition centre and conventions and provision of catering services	100	100
<b>Subsidiaries of Mines International Exhibition Centre Sdn Bhd</b>				
Mines Exhibition Management Sdn Bhd	Malaysia	Provision of management services	70	70
Output Combination Sdn Bhd	Malaysia	Dormant	100	100
<b>Subsidiary of Country Heights Marketing Sdn Bhd</b>				
PRS Homes Sdn Bhd	Malaysia	Dormant	-	100
<b>Subsidiaries of Mines ePurse Sdn Bhd</b>				
Signature Catering & Conference Services Sdn Bhd	Malaysia	Dormant	100	100
+ Signature Hotels Pte Ltd	Singapore	Dormant	100	100
<b>Subsidiaries of Country Heights Resorts &amp; Leisure Sdn Bhd</b>				
Country Heights Lifestyle Berhad	Malaysia	Provision of leisure related services	100	100
World Racquet Centre Sdn Bhd	Malaysia	Provision of marketing services	100	100
Mines Premium Sdn Bhd	Malaysia	Solutions provider and promotion activities	100	100
<b>Subsidiary of College Heights Utara Sdn Bhd</b>				
PRS Homes Sdn Bhd	Malaysia	Property development	100	-

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows: (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest (%)	
			2007	2006
Subsidiaries of Magnitude Knight (M) Sdn Bhd				
+ Country Heights Pecanwood Golf & Country Club (Pty) Ltd	South Africa	Ownership and operators of golf estate club	100	100
+ Country Heights Pecanwood Boat Club (Pty) Ltd	South Africa	Ownership and operator of boat club	100	100

+ Audited by firms of auditors other than Ernst & Young

\* Ceased principal activities during the financial year

#### (a) Disposal of subsidiaries

As disclosed in Note 44(e) and (g) to the financial statements, the following subsidiaries were disposed during the financial year:-

##### (i) Disposal of shares in a subsidiary, Country Heights Marketing Sdn Bhd ("CHMSB")

On 28 May 2007, the Company entered into a sale and purchase of shares agreement ("CHMSB Disposal Agreement") with Country Heights International Sdn Bhd, a related party, to dispose of 2,600,000 ordinary shares of RM1 each representing the Company's entire equity interest in a subsidiary, Country Heights Marketing Sdn Bhd ("CHMSB"), for a cash consideration of RM960,000. The cash consideration was arrived at based on the audited net assets of CHMSB as at the date of disposal. The cost of investment in CHMSB was RM2,600,000. Arising from the disposal, there was no gain or loss to the Group whilst loss to the Company amounted to RM1,640,000. The principal business activity of CHMSB is the provision of marketing services, previously reported as part of the property development segment.

##### (ii) Disposal of shares in a subsidiary, Country Heights Parade Sdn Bhd ("CHPSB")

On 24 October 2007, the Company entered into a share purchase agreement for the disposal of 2,600,000 ordinary shares of RM1 each representing the Company's entire equity interest in Country Heights Parade Sdn Bhd ("CHPSB"), a wholly-owned subsidiary of the Company, for a cash consideration of RM2,789,000. The cash consideration was arrived at based on the net assets of CHPSB as at 19 October 2007 of RM2,789,000. The cost of investment in CHPSB was RM2,600,000. Arising from the disposal, there was no gain or loss to the Group whilst gain to the Company amounted to RM189,000. The principal business activity of CHPSB is property development, previously reported as part of the property development segment.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (a) Disposal of subsidiaries (Cont'd)

The revenue, results and cash flows of the two subsidiaries were as follows:

	Financial period ended 28.5.2007 RM'000	Financial period ended 24.10.2007 RM'000	Total RM'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other operating income	-	59	59
Administrative expenses	-	(1,724)	(1,724)
Other expenses	-	(162)	(162)
Operating loss	-	(1,827)	(1,827)
Finance cost	-	-	-
Loss before tax	-	(1,827)	(1,827)
Income tax expense	-	512	512
Loss for the year	-	(1,315)	(1,315)
Cash flows from operating activities	(2,688)	12,263	9,575
Cash flows from investing activities	3,395	-	3,395
Cash flows from financing activities	(707)	(12,300)	(13,007)
Total cash flows	-	(37)	(37)

The net assets of the two subsidiaries were as follows:

	Note	As at 28.5.2007 RM'000	As at 24.10.2007 RM'000	Total RM'000
Other property, plant and equipment	14	-	4	4
Inventories		-	4,165	4,165
Trade receivables and other receivables		1,149	23,038	24,187
Tax recoverable		19	-	19
Cash and bank balances		9	-	9
Trade payables and other payables		(217)	(6,890)	(7,107)
Tax payable		-	(17,528)	(17,528)
Net assets disposed		960	2,789	3,749
Total disposal proceeds		(960)	(2,789)	(3,749)
Gain on disposal to the Group		-	-	-
Cash inflow arising on disposal:				
Cash consideration, representing cash inflow to the Company				3,749
Cash and cash equivalents of subsidiaries disposed				(9)
Net cash inflow of the Group				3,740

There was no tax charge or credit arising from the said disposal.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 18. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### (b) Investments in subsidiaries

- (i) During the financial year, the Company acquired 3,000,000 ordinary shares of RM1.00 each in Country Heights eMarketing Services Sdn Bhd (previously known as IDEC Home Furnishing Centre Sdn Bhd) from Mines Holdings Sdn Bhd, a wholly-owned subsidiary of the Company for a cash consideration of RM3,000,000.
- (ii) In the previous year, the Company acquired additional ordinary shares in the following subsidiary pursuant to the capitalisation of amounts due from this subsidiary:

	Number of Ordinary shares acquired		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Country Heights Promotions Sdn Bhd	-	10	-	10

### 19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
In Malaysia:				
Unquoted shares at cost	3,357	277	247	247
Share of post-acquisition reserves	(62)	333	-	-
	3,295	610	247	247
Less: Accumulated impairment losses	-	-	-	-
	3,295	610	247	247

The Group's interests in associate is analysed as follows:

	Group	
	2007 RM'000	2006 RM'000
Share of net assets	3,078	393
Goodwill on acquisition	217	217
	3,295	610

The share of results of associates is based on unaudited management accounts for Simplex Design Sdn Bhd and audited financial statements for Dragon Spring Investment (Labuan) Limited.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 19. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Names of Associates	Note	Country of Incorporation	Principal Activities	Proportion of Ownership Interest/Proportion of Voting Power	
				2007 %	2006 %
+ Mexs Design & Contracts Sdn Bhd	(i)	Malaysia	Interior decoration contractors	-	30
+ Simplex Design Sdn Bhd		Malaysia	Interior designing, renovation, construction and other related services	47.5	47.5
+ Dragon Spring Investment (Labuan) Limited	(ii)	Labuan	Investment holding	20.93	-

+ Audited by firms of auditors other than Ernst & Young

- (i) On 26 February 2007, Mines International Exhibition Centre Sdn Bhd, a wholly-owned subsidiary of East Vision Leisure Group Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, disposed of its entire equity interest in an associate, Mexs Design & Contracts Sdn Bhd ("MDCSB") for a total consideration of RM252,000. As a result of the disposal, the Group reported a loss of RM15,000. MDCSB's principal activity is that of interior decoration contractor.
- (ii) During the financial year, the Group acquired 900,000 ordinary share of USD1 each representing 20.93% equity interest in Dragon Spring Investment (Labuan) Limited at the end of the financial year for a cash consideration of USD900,000 which is equivalent to RM3,110,000 as disclosed in Note 44(d) to the financial statements.

The financial statements of the above associates are coterminous with those of the Group, except for Simplex Design Sdn Bhd which has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the financial statements of Simplex Design Sdn Bhd for the year ended 30 June 2007 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2007 and that date.

The summarised financial information of the associates are as follows:

	Group	
	2007 RM'000	2006 RM'000
<b>Assets and liabilities</b>		
Current assets	6,332	1,834
Non-current assets	32,555	374
Total assets	38,887	2,208
Current liabilities	9,921	1,052
Non-current liabilities	14,952	-
Total liabilities	24,873	1,052



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 19. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the associates are as follows: (Cont'd)

	<b>Group</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>
<b>Results</b>		
Revenue	6,611	5,911
Loss for the year	(1,069)	(470)

### 20. OTHER INVESTMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
<b>At cost</b>				
Quoted shares in Malaysia	2,825	6,845	2,586	6,606
Unquoted shares in Malaysia	2,000	2,000	-	-
Memberships	798	798	718	718
	5,623	9,643	3,304	7,324
<b>Less: Accumulated impairment losses</b>				
Quoted shares in Malaysia	(127)	(344)	(123)	(231)
Unquoted shares in Malaysia	(2,000)	(2,000)	-	-
	(2,127)	(2,344)	(123)	(231)
	3,496	7,299	3,181	7,093
<b>Market value of quoted shares in Malaysia</b>	2,901	6,499	2,666	6,375

### 21. GOODWILL ON CONSOLIDATION

	<b>Group</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>
<b>Cost</b>		
At 1 January	35,097	35,124
Effect of adopting FRS 3	-	(27)
At 31 December	35,097	35,097
<b>Accumulated Amortisation</b>		
At 1 January	-	27
Effect of adopting FRS 3	-	(27)
At 31 December	-	-
<b>Accumulated Impairment Losses</b>		
At 1 January/31 December	35,097	35,097
<b>Net Carrying Amount</b>		
At 1 January/31 December	-	-

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 22. INVENTORIES

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>		
Properties held for sale	125,621	127,993
Consumable materials	1,262	1,622
	<hr/>	<hr/>
	126,883	129,615
	<hr/>	<hr/>
<b>At net realisable value</b>		
Properties held for sale	32,057	34,007
Building materials	201	95
	<hr/>	<hr/>
	32,258	34,102
	<hr/>	<hr/>
<b>Total inventories</b>	<hr/>	<hr/>
	159,141	163,717

Included in inventories are certain parcels of land, with aggregate carrying values of RM42,130,000 (2006: RM35,571,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Inventories with a carrying amount of RM28,064,000 (2006: RM31,673,000) are pledged as securities for borrowings as disclosed in Notes 27 and 29 to the financial statements.

Certain infrastructure and development work is carried out by a subsidiary disposed of during the year, Country Heights Parade Sdn Bhd ("CHPSB") pursuant to a joint venture agreement dated 10 June 1994 between the Walum Enterprise Sdn Bhd ("WESB") and CHPSB ("Joint Venture"). The infrastructure and development asset is capitalised in the financial statements of CHPSB. WESB is in the midst of negotiating the termination of joint venture arrangements and to acquire the infrastructure and development asset. As at the date of this report, the termination agreement has not been finalised.

### 23. TRADE AND OTHER RECEIVABLES

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>Restated</b>		
<b>Current</b>					
<b>Trade receivables</b>	(b)				
Third parties		100,545	93,988	-	-
Associates		-	19	-	-
Due from companies in which certain directors have interest	(c)	2,800	1,227	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		103,345	95,234	-	-
Less: Allowance for doubtful debts					
Third parties		(24,134)	(25,434)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Trade receivables, net		79,211	69,800	-	-



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 23. TRADE AND OTHER RECEIVABLES (CONT'D)

		Group		Company	
	Note	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
<b>Other receivables</b>					
Due from subsidiaries	(d)	-	-	590,550	574,993
Deposits	(e)	10,079	4,183	12	12
Prepayments		7,550	1,445	-	-
Sundry receivables	(f)	14,339	19,946	1,322	6,806
Due from companies in which certain directors have interest	(c)	3,967	2,804	443	319
		35,935	28,378	592,327	582,130
Less: Allowance for doubtful debts					
Due from subsidiaries		-	-	(42,570)	(43,707)
Sundry receivables		(6,666)	(8,199)	(666)	(2,033)
Other receivables, net		29,269	20,179	549,091	536,390
		108,480	89,979	549,091	536,390
<b>Non-current Trade receivables</b>					
Third parties	(g)	17,349	11,097	-	-

(a) Credit risk

The Group's normal trade credit terms range from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single trade debtor or to groups of trade debtors.

The Group and the Company have significant concentration of credit risk that may arise from exposures to sundry receivables as at year end comprising 10% (2006: 33%) and Nil (2006: 58%) respectively.

Other information on credit risk is disclosed in Note 41(e) to the financial statements.

(b) Trade receivables, current

Trade receivables are non-interest bearing, except those relating to the installment scheme mentioned in Note 23(g) to the financial statements which are due within one year.

- (c) Included in trade receivables of the Group, is an amount of RM220,000 receivable from a director, Dato' Ong Chong Sek arising from the disposal of a vacant bungalow lot by Mega Palm Sdn Bhd, a wholly-owned subsidiary of the Company to the director at a consideration of RM901,000. The disposal proceeds have been partially settled by contra against the director's remuneration amounting to RM404,000 and the balance of RM220,000 is payable by the director.

The amounts due from companies in which certain directors have interest are unsecured, non-interest bearing and are repayable on demand.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 23. TRADE AND OTHER RECEIVABLES (CONT'D)

- (d) The amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, and are repayable on demand except for an amount of RM150,000,000 (2006: RM150,000,000) due from a subsidiary, Golden Horse Palace Berhad (previously known as Mines City Hotel Berhad), relating to RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds") which bears interest at a rate of 8% (2006: 8%) and is repayable in accordance with the Bonds repayment terms as disclosed in Note 29 to the financial statements.
- (e) Included in deposits is a non-refundable deposit paid by a subsidiary, PRS Homes Sdn Bhd of RM5,600,000 pursuant to the acquisition of land, further disclosed in Note 44(f) to the financial statements.
- (f) Included in sundry receivables of the Group and of the Company in the previous financial year was a balance of deferred consideration of RM3,900,000, arising from the disposal of a former subsidiary, Knowledge Farm Sdn Bhd. The deferred consideration was fully settled during the current financial year.
- (g) Long term trade receivables represent amounts that are expected to be collected after twelve months from balance sheet date, arising from installment plans of 12 months to 60 months granted in respect of timeshare program memberships and health program memberships issued by subsidiaries, Country Heights Lifestyle Berhad, Country Heights Health Tourism Sdn Bhd and Golden Horse Palace Berhad (previously known as Mines City Hotel Berhad).

### 24. FUND HELD IN TRUST

Funds held in trust arose when certain subsidiaries disposed of properties which were charged to the trustee of the bondholders as security for the RM150,000,000 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds") issued by the Company, as disclosed in Note 29 to the financial statements.

Upon the disposal of pledged properties, the sales proceeds ("redemption sum") received from purchasers are retained by the trustee of the bondholder until the Bonds have been redeemed, the properties discharged and the disposed properties' titles are released to the purchasers.

### 25. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits with licensed banks and other financial institutions	(a)	32,572	30,352	-	-
Cash on hand and at banks	(b)	16,538	10,572	535	75
Cash and bank balances		49,110	40,924	535	75

- (a) Included in the deposits with licensed banks of the Group are:
  - (i) A sum of RM3,369,000 (2006: RM2,948,000) pledged for bank guarantee facilities granted to certain subsidiaries;
  - (ii) A sum of RM9,450,000 (2006: RM11,185,480) which is restricted for use in refurbishment of certain assets of the Group pursuant to the borrowing arrangement entered into by East Vision Leisure Group Sdn Bhd as disclosed in Note 30 to the financial statements;



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 25. CASH AND CASH EQUIVALENTS (CONT'D)

- (a) Included in the deposits with licensed banks of the Group are: (Cont'd)
- (iii) An amount held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary, Country Heights Lifestyle Berhad of RM491,000 (2006: RMNil); and
  - (iv) An amount held on behalf of members in relation to a "Silver Hair Programme" of a subsidiary, Country Heights Quality Life Services Sdn Bhd of RM125,000 (2006: RM121,000).
- (b) Included in cash at banks of the Group are:
- (i) Sinking funds of RM336,000 (2006: RM236,000) maintained by certain subsidiaries for the purpose of repair and maintenance of properties.
  - (ii) Amounts of RM20,000 (2006: RM27,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are therefore restricted from use in other operations.
  - (iii) An amount held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary, Country Heights Lifestyle Berhad of RM101,000 (2006: RM151,000).
  - (iv) An amount of RM8,317,000 (2006: RM3,998,000) is pledged as security for the purpose of the Bank Guaranteed Commercial Papers and Bank Guaranteed Medium Term Note issued as disclosed in the Note 31 to the financial statements. Included in the pledged amount is RM5,738,000 (2006: RM84,000) which represent the amount deposited in the redemption account established under the Trust Deed for the sole purpose of redemption of the Bank Guaranteed Commercial Papers and Bank Guaranteed Medium Term Note issued as disclosed in Note 31 to the financial statements and payment of finance cost of Bank Guaranteed Medium Term Note.
  - (v) An amount of RM155,000 (2006: RM302,000) is maintained in the designated account for the purpose of operations of East Vision Leisure Group Sdn Bhd.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances		49,110	40,924	535	75
Bank overdrafts	27(a)	(3,995)	(5,770)	-	-
Total cash and cash equivalents		45,115	35,154	535	75

The weighted average effective interest rates at the balance sheet date for deposits are as follows:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Licensed banks and other financial institutions	3.1	3.0	-	-

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 25. CASH AND CASH EQUIVALENTS (CONT'D)

The average maturities of deposits as at the end of the financial year are as follows:

	Group		Company	
	2007 Days	2006 Days	2007 Days	2006 Days
Licensed banks	365	365	-	-

### 26. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Note	Group 2007 RM'000	2006 RM'000
Building reclassified from investment properties	15	873	-

The building refers to the Venice Walk Building, further disclosed in Note 44(a) to the financial statements.

### 27. BORROWINGS

	Note	Group 2007 RM'000	2006 RM'000	Company 2007 RM'000	2006 RM'000
<b>Short Term Borrowings</b>					
Secured:					
Bank overdrafts	(a)	944	1,620	-	-
Term loans	(b)	287	290	-	-
Working capital loan	(c)	-	2,740	-	-
Revolving credits	(d)	3,600	2,900	-	-
		4,831	7,550	-	-
Unsecured:					
Bank overdrafts	(a)	3,051	4,150	-	-
Revolving credits	(d)	19,600	18,800	-	-
Hire purchase and finance lease payables	28	470	384	-	-
		23,121	23,334	-	-
		27,952	30,884	-	-



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 27. BORROWINGS (CONT'D)

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Long Term Borrowings</b>					
Secured:					
Term loans	(b)	3,003	3,288	-	-
Revolving credits	(d)	6,090	9,690	-	-
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds")	29	150,000	150,000	150,000	150,000
Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A")	30	-	420,000	-	-
Redeemable Secured Loan Stock 2004/2011 ("RSL Series B")	30	68,822	68,822	-	-
Bank Guaranteed Commercial Paper	31	59,414	60,770	-	-
Bank Guaranteed Medium Term Notes	31	70,000	70,000	-	-
		357,329	782,570	150,000	150,000
Unsecured:					
Revolving credits	(d)	17,600	22,400	-	-
Hire purchase and finance lease payables	28	1,363	1,227	-	-
		18,963	23,627	-	-
		376,292	806,197	150,000	150,000
<b>Total Borrowings</b>					
Bank overdrafts	(a)	3,995	5,770	-	-
Term loans	(b)	3,290	3,578	-	-
Working capital loan	(c)	-	2,740	-	-
Revolving credits	(d)	46,890	53,790	-	-
Hire purchase and finance lease payables	28	1,833	1,611	-	-
Bonds	29	150,000	150,000	150,000	150,000
RCSLS Series A	30	-	420,000	-	-
RSL Series B	30	68,822	68,822	-	-
Bank Guaranteed Commercial Paper	31	59,414	60,770	-	-
Bank Guaranteed Medium Term Notes	31	70,000	70,000	-	-
		404,244	837,081	150,000	150,000
Maturity of borrowings (excluding hire purchase and finance lease):					
Within one year		27,482	30,500	-	-
More than 1 year and less than 2 years		186,432	136,452	150,000	-
More than 2 years and less than 5 years		48,157	226,629	-	150,000
5 years or more		140,340	441,889	-	-
		402,411	835,470	150,000	150,000



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 27. BORROWINGS (CONT'D)

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, are as follows:

	Note	Group		Company	
		2007 %	2006 %	2007 %	2006 %
Bank overdrafts	(a)	8.9	8.5	-	-
Term loans	(b)	6.8	6.8	-	-
Working capital loan	(c)	-	7.8	-	-
Revolving credits	(d)	7.2	7.0	-	-
Bonds	29	8.0	8.0	8.0	8.0
RCSLS Series A	30	-	6.0	-	-
RSLS Series B	30	5.0	5.0	-	-
Bank Guaranteed Commercial Paper	31	4.1	5.4	-	-
Bank Guaranteed Medium Term Notes	31	6.1	5.4	-	-

(a) Bank overdrafts:

		Group	
	Note	2007 RM'000	2006 RM'000
<u>Short term</u>			
Secured:			
RM3,000,000 facility	(i)	606	1,356
South Africa Rand 750,000 facility	(ii)	338	264
		944	1,620
Unsecured:			
RM15,000,000 facility	(iii)	3,051	4,150
Total bank overdrafts		3,995	5,770

Salient features of the bank overdrafts granted to subsidiaries are as follow:

- (i) Overdraft facility of RM3,000,000 (2006: RM5,000,000) granted to Country Heights W.T.C. Sdn Bhd
- A lien-holder's caveat over other property, plant and equipment with a carrying value of RM6,674,000 (2006: RM6,757,000) held by Country Heights W.T.C. Sdn Bhd;
  - A lien-holder's caveat over prepaid land lease payments with a carrying value of RM4,032,000 (2006: RM4,082,000) held by Country Heights W.T.C. Sdn Bhd;
  - Deposit of title held under H.S.(D)22918, P.T. No. 14913, Mukim of Kajang, Selangor Darul Ehsan; and
  - A corporate guarantee of RM5,000,000 provided by the Company.

The overdraft facility bears interest at 1.75% (2006: 1.75%) above the bank's base lending rate.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 27. BORROWINGS (CONT'D)

(a) Bank overdrafts: (Cont'd)

(ii) South Africa Rand 750,000 facility granted to Country Heights Pecanwood Golf & Country Club (Pty) Ltd ("PGCC")

- First continuous covering mortgage bond over the land and building erected on Erf 876, 877 Extension 12 and Erf 1083 Extension 10 (previously portions 127 and 128 of portion 123 of the farm Harbeespoort, No. 482 Registration Division J.Q., Province of North West, South Africa, known as the Country Heights Pecanwood Golf and Country Club), with a carrying value of RM15,671,000 (2006: RM16,136,000) held by PGCC included in other property, plant and equipment as disclosed in Note 14 to the financial statements.

The overdraft facility bears interest at 14.5% (2006: 10.5%) per annum.

(iii) Unsecured facility of RM15,000,000 granted to Country Heights Sdn Bhd

- Negative pledge over the assets of Country Heights Sdn Bhd, except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
- Corporate guarantee and indemnity of up to RM15,000,000 provided by the Company.

The overdraft facility bears interest at 2.5% (2006: 2.5%) per annum above bank's base lending rate.

(b) Term loans:

		Group	
	Note	2007 RM'000	2006 RM'000
<u>Short term</u>			
Secured:			
RM647,000 facility	(i)	130	141
RM3,340,000 facility	(ii)	157	149
		<hr/>	<hr/>
		287	290
		<hr/>	<hr/>
<u>Long term</u>			
Secured:			
RM647,000 facility	(i)	-	128
RM3,340,000 facility	(ii)	3,003	3,160
		<hr/>	<hr/>
		3,003	3,288
		<hr/>	<hr/>
Total term loan		3,290	3,578
		<hr/>	<hr/>

# Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

## 27. BORROWINGS (CONT'D)

### (b) Term loans: (Cont'd)

Salient features of the term loans granted to subsidiaries are as follows:-

#### (i) Term loan facility of RM647,000 granted to Country Heights Lifestyle Berhad

- 1st registered mortgage over parcel nos. 223, 224, 219 and 220, Equatorial Hills Resort, Cameron Highlands included in the other property, plant and equipment as disclosed in Note 14 to the financial statements with an aggregate net book value of RM461,000 (2006: RM478,000); and
- A corporate guarantee of RM650,000 provided by the Company.

Principal and interest are repayable by fifty nine equal monthly installments of RM13,000 each and one final installment of RM10,500 commencing from 29 November, 2003 until 29 October, 2008.

The term loan facility bears interest at 1.25% (2006: 1.5%) above the bank's base lending rate.

#### (ii) Term loan facility of RM3,340,000 granted to a subsidiary, Country Heights Health Tourism Sdn Bhd

- A first legal charge over certain units situated at Level 3 of Block C of the building known as Plaza Mont' Kiara included in other property, plant and equipment as disclosed in Note 14 to the financial statements with an aggregate net book value of RM4,009,000 (2006: RM4,093,000); and
- A corporate guarantee of RM3,340,000 provided by the Company.

Principal and interest are repayable by sixty equal monthly installments of RM27,291 each from year one to year five commencing from 26 October 2006 and subsequently 120 equal monthly installment of RM29,251 each from year six onwards until 26 October 2011.

The term loan facility bears interest at 5.5% (2006: 5.5%) per annum for the first five years and thereafter at 0.5% (2006: 0.5%) per annum above the bank's base lending rate.

### (c) Short term secured working capital loan facility granted to a subsidiary

The working capital loan facility was granted to a subsidiary, Tindak Murni Sdn Bhd by Malaysian Assurance Alliance Berhad ("MAA") for the purpose of payment on behalf for its related company, Mega Palm Sdn Bhd, on the outstanding Country Heights Innovation in Property Investment ("CHIPI") scheme premium to MAA.

The working capital loan facility was secured as follows:

- A deed of debenture over certain unsold units of completed luxury apartments of Cyber Heights Villa included in the inventory as disclosed in Note 22 to the financial statements with an aggregate net book value of RMNil (2006: RM20,222,000);
- Safekeeping of the land titles of the aforementioned lands together with the charge documents executed and the lender is at the liberty to charge the lands in the event of default; and
- Assignment of sales proceeds from the sales of the said property to be applied towards redemption of the units.

The working capital facility bore interest at 9% (2006: 9%) per annum and the effective interest rate was 7.75% (2006: 7.75%) if in compliance with all terms of agreements.

The working capital loan was fully settled during the year and the above charges have been lifted.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 27. BORROWINGS (CONT'D)

(d) Revolving credits:

		Group	
	Note	2007 RM'000	2006 RM'000
<u>Short term</u>			
Secured:			
RM32,000,000 (restructured) facility	(i)	3,600	2,900
		3,600	2,900
Unsecured:			
RM15,000,000 facility	(ii)	14,800	14,800
RM30,000,000 (restructured) facility	(iii)	4,800	4,000
		19,600	18,800
		23,200	21,700
<u>Long term</u>			
Secured:			
RM32,000,000 (restructured) facility	(i)	6,090	9,690
Unsecured:			
RM30,000,000 (restructured) facility	(iii)	17,600	22,400
		23,690	32,090
Total revolving credits		46,890	53,790

Revolving credit facilities are secured as follows:

- (i) Revolving credit (restructured) facility of RM32,000,000 granted to a subsidiary, Country Heights Industries Sdn Bhd ("CHISB")
- A corporate guarantee of RM32,000,000 provided by the Company;
  - A third party first legal charge over 100 (2006: 101) pieces of land and building held by CHISB with carrying values as follows:

	Group	
	2007 RM'000	2006 RM'000
Land held for property development	4,911	4,911
Inventories	5,129	5,286
	10,040	10,197



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 27. BORROWINGS (CONT'D)

(d) Revolving credits: (Cont'd)

(i) Revolving credit (restructured) facility of RM32,000,000 granted to a subsidiary, Country Heights Industries Sdn Bhd ("CHISB") (Cont'd)

- A first legal charge over 2 (2006: 3) industrial lots at the College Valley Industrial Park, Pajam, held by a subsidiary, Country Heights Industries Sdn Bhd, with a carrying value of RM469,000 (2006: RM652,000);
- A debenture over certain bungalow lots belonging to a subsidiary, Walum Enterprise Sdn Bhd with a carrying value of RM1,054,000 (2006: RM1,054,000);
- A third party first fixed legal charge over certain bungalow lots held by a subsidiary company, Walum Enterprise Sdn Bhd with a carrying value of RM779,000 (2006: RM779,000); and
- A second fixed legal charge over certain bungalow lots held by a subsidiary company, Walum Enterprise Sdn Bhd with a carrying value of RM4,528,000 (2006: RM4,528,000).

The loan is repayable by 24 equal monthly installments of RM200,000 each with the first installment payable on 30 August 2005, and thereafter 23 monthly installments of RM300,000 each with the first installment to commence on 30 August 2007 and a final installment payment of RM4,756,000 to be paid in one lump sum on 30 July 2009.

The revolving credit facility bears interest at 2.5% (2006: 2.5%) per annum above Cost of Fund.

(ii) The unsecured revolving credit facility of RM15,000,000 granted to a subsidiary, Country Heights Sdn Bhd has the following guarantees and pledges:

- Negative pledge over the assets of Country Heights Sdn Bhd, except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
- A corporate guarantee of RM15,000,000 provided by the Company.

The revolving credit facility bears interest at 2.5% (2006: 2.5%) per annum above Cost of Fund.

The short term revolving credit is repayable on demand.

(iii) The unsecured revolving credit (restructured) facility of RM30,000,000 granted to Country Heights Sdn Bhd has the following guarantees and pledges:

- A corporate guarantee and indemnity of RM30,000,000 provided by the Company.

The revolving credit facility bears interest at 2.5% (2006: 2.5%) per annum above Cost of Fund.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 28. HIRE PURCHASE AND FINANCE LEASE PAYABLES

		Group	
	Note	2007 RM'000	2006 RM'000
<b>Minimum lease payments:</b>			
Not later than 1 year		610	470
Later than 1 year but not later than 2 years		574	502
Later than 2 years but not later than 5 years		802	830
Later than 5 years		38	3
		<hr/>	<hr/>
		2,024	1,805
Less: Future finance charges		(191)	(194)
		<hr/>	<hr/>
Present value of finance lease liabilities		1,833	1,611
		<hr/>	<hr/>
<b>Present value of finance lease liabilities:</b>			
Not later than 1 year		470	384
Later than 1 year but not later than 2 years		519	433
Later than 2 years but not later than 5 years		703	791
Later than 5 years		141	3
		<hr/>	<hr/>
		1,833	1,611
		<hr/>	<hr/>
<b>Analysed as:</b>			
Due within 12 months	27	470	384
Due after 12 months	27	1,363	1,227
		<hr/>	<hr/>
		1,833	1,611
		<hr/>	<hr/>

The hire purchase and lease liabilities bore interest at the balance sheet date at rates between 2.6% to 10% (2006: 2.6% to 10%) per annum.

### 29. RM150 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2009 ("BONDS") REDESIGNATED FROM RM200 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2005

At a Bondholders' meeting held on 29 December 2004, the holders of the Bonds had approved the extension of the redemption of the outstanding RM150 million of the Bonds previously issued by the Company as RM200 million 3% to 8% Redeemable Secured Bonds 1996/2005 to 31 December 2009.

The salient terms and features of the Bonds revised pursuant to the extension are as follows:

- (i) The interest rate will continue to be 8% per annum, calculated on the outstanding balance and is payable semi-annually. For the period from 9 November 2004 to 6 November 2008, only 6% of the 8% interest per annum shall be made semi-annually in two equal instalments on 6 May and 6 November each year. The 2% interest per annum shortfall since 1 January 2002 onwards shall continue to be accrued and paid in the final year in 2 equal instalments i.e. on 6 May 2009 and 6 November 2009 provided always that if the Bonds are fully redeemed before 6 November 2009 any unpaid interest shall be paid in full by the Company on the date of such redemption.

## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### **29. RM150 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2009 ("BONDS") REDESIGNATED FROM RM200 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2005 (CONT'D)**

The salient terms and features of the Bonds revised pursuant to the extension are as follows: (Cont'd)

- (ii) The maturity date for the redemption of the Bonds is extended to 31 December 2009.
- (iii) The Bonds will continue to be secured by the existing securities as follows:
  - A fixed charge over a leasehold land and hotel building held by a subsidiary, Golden Horse Palace Berhad (previously known as Mines City Hotel Berhad) known as the Palace of the Golden Horses, classified under hotel properties and exhibition centre & showroom and prepaid land lease payments with aggregate carrying value of RM404,656,000 (2006: RM408,315,000);
  - Certain other property, plant and equipment with an aggregate carrying value of RM5,702,000 (2006: RM10,039,000), held by a subsidiary, Golden Horse Palace Berhad (previously known as Mines City Hotel Berhad);
  - Certain freehold land and buildings included in other property, plant and equipment with aggregate carrying value of RM3,771,000 (2006: RM1,635,000) held by a subsidiary, Country Heights Development Sdn Bhd;
  - Certain investment properties with aggregate carrying value of RM13,235,000 (2006: RM17,586,000) held by a subsidiary, Country Heights Development Sdn Bhd;
  - Certain bungalow lots included in inventories with aggregate carrying value of RM668,000 (2006: RM668,000) held by a subsidiary, Walum Enterprise Sdn Bhd;
  - Certain villas included in inventories with a carrying value of RM15,437,000 (2006: RM18,706,000) held by a subsidiary, Country Heights W.T.C. Sdn Bhd; and
  - Fund Held in Trust as disclosed in Note 24 to the financial statements.

The Bonds are not rated and not transferable or tradable on RENTAS.

As at 31 December 2007, Tan Sri Lee Kim Tiong @ Lee Kim Yew is the only beneficial holder of the Bonds.

### **30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B")**

The Company and a subsidiary, East Vision Leisure Group Sdn Bhd ("EVL") entered into a Master Agreement and a Supplemental Master Agreement on 16 December 2003 and 21 May 2004 respectively, with Khazanah Nasional Berhad ("KNB") to regulate their relationships and undertakings in respect of the investment in EVL.

Pursuant to the Master Agreement and Supplemental Master Agreement, EVL will be the investment vehicle to facilitate the Investment in EVL, which include the acquisition of certain subsidiaries within the Group.

On 20 December 2004, EVL completed the acquisitions of the entire issued and paid up share capital of Mines Shopping Fair Sdn Bhd ("MSFSB"), Mines Waterfront Business Park Sdn Bhd ("MWBPSB") and Mines International Exhibition Centre Sdn Bhd ("MIECSB") ("Target Companies") based on the adjusted net tangible assets as at 31 October 2003, after taking into consideration fair values of those Target Companies' respective assets, namely, Mines Shopping Fair ("MSF"), Mines Waterfront Business Park ("MWBP") and Malaysia International Exhibition & Convention Centre ("MIEC") ("Identified Assets").

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B") (CONT'D)

On 20 December 2004, EVL issued the following to KNB and AmInvestment Bank Berhad (previously known as AmMerchant Bank Berhad) ("AmInvestment"), AmFinance Berhad, AmBank Berhad, RHB Bank Berhad ("RHB") and CIMB Bank Berhad ("CIMB") ("Lenders") as consideration for a cash injection by KNB in EVL amounting to RM125,000,000 and an investment by the Lenders of RM295,000,000 in EVL (collectively referred to as the "Investment") pursuant to a Settlement Agreement dated 14 May 2004 and a Supplemental Settlement Agreement dated 17 May 2004 (collectively referred to as the "Settlement Agreements"):

- (i) RM420,000,000 nominal value 7-year 6% Redeemable Convertible Secured Loan Stocks with a nominal value of RM1 each ("RCSLS Series A") to KNB;
- (ii) RM68,821,674 nominal value 7-year 5% Redeemable Secured Loan Stocks with a nominal value of RM1 each ("RSLs Series B") to the Lenders; and
- (iii) One golden share to KNB ("Golden Share") pursuant to the Master Agreement dated 16 December 2003 and the Supplemental Master Agreement dated 21 May 2004.

#### (A) RCSLS Series A

The Company has fully redeemed the RCSLS Series A of RM 420,000,000 on 19 December 2007 four years prior to the RCSLS Series A redemption date on 20 December 2011, from proceeds on disposal of Mines Shopping Fair as disclosed in Note 44(a) to the financial statements.

The salient terms and features of the RCSLS Series A were as follows:

- (i) Tenor and Rate of Interest

RCSLS Series A had a tenor of 7 years and bore simple interest at a rate of 6% per annum payable annually and in arrears.

- (ii) Security

The RCSLS Series A were secured as follows:

- (a) first legal charges over the Identified Assets, The Mines Shopping Fair, The Mines Waterfront Business Park and Malaysia International Exhibition & Convention Centre, as disclosed in Notes 13, 15 and 16 to the financial statements;
- (b) first legal charges over all the issued and paid up share capital of the Target Companies, Mines Shopping Fair Sdn Bhd, Mines Waterfront Business Park Sdn Bhd and Mines International Exhibition Centre Sdn Bhd ("Security Shares") as disclosed in Note 18 to the financial statements and shall include all dividends, distributions, allotments, interest, rights, offers, entitlements, accretions and benefits whatsoever which may at any time accrue, arise or be offered (whether by way of bonus, conversion rights, redemption, preference, option or otherwise);



## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B") (CONT'D)

#### (A) RCSLS Series A (Cont'd)

##### (ii) Security (Cont'd)

- (c) all cash flow from the Identified Assets will be placed in and disbursed from designated accounts to be maintained by EVL and the Target Companies and subsidiaries of the Target Companies ("Designated Accounts") as disclosed in Note 25(a)(ii) to the financial statements. 50% of the surplus annual net cash flow from the Identified Assets is set aside in a sinking fund established by EVL, which will be applied/utilised towards the redemption of the RCSLS Series A.

Balances in the Designated Account and Sinking Fund are secured over first party first legal charges to and in favour of the trustee for the benefits of the RCSLS Series A holders; and

- (d) a written irrevocable undertaking from the Company to the RCSLS Series A holder to secure the payment of interest on RCSLS Series A ("CHHB's Irrevocable Letter of Undertaking").

Following the redemption of RCSLS Series A, the above securities have been discharged.

##### (iii) Redemption Sum

The redemption sum for all of the Identified Assets or, as the case may be, the Security Shares shall comprise RM420,000,000 together with all unpaid accrued interest thereon and all other sums payable in respect of the RCSLS Series A, reduced by any prepayments or partial payments made (the "RCSLS Series A Redemption Sum").

##### (iv) Redemption

The RCSLS Series A shall be redeemed in whole on its maturity date.

At the option of EVL, EVL may at any time prior to the maturity date of the RCSLS Series A, redeem the RCSLS Series A in whole or in part provided that any such partial redemption shall not be for less than RM10,000,000 nominal value of the RCSLS Series A.

In the event that EVL fails to redeem the RCSLS Series A upon or prior to maturity and the RCSLS Series A holders are unable to procure a purchaser for all of the Identified Assets/Security Shares, for at least the RCSLS Series A Redemption Sum, the RCSLS Series A holders may unanimously agree to extend the tenure of the RCSLS Series A for such additional period as may be unanimously agreed to by the RCSLS Series A holders. In which event KNB shall require the Company to transfer all its shares in EVL to KNB and the other RCSLS Series A holders.

##### (v) Apportionment of Sale Proceeds

- (a) Subject to (vi), the net gains (after deduction of costs and expenses and real property gain tax (if any)), on the disposal of the Identified Assets or, as the case may be, the Security Shares, in excess of the RCSLS Series A 2004/2011 Redemption Sum and below RM655,000,000 will, subject to the payment of all interest and other sums payable in respect of RCSLS Series A 2004/2011 and after accounting for the redemption of RSLs Series B 2004/2011 and the accretion of interest at the rate of 5%, belong to EVL.
- (b) Any gain on disposal of the Identified Assets above RM655,000,000 shall be shared equally between the Company, KNB and the other RCSLS Series A holders.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B") (CONT'D)

#### (A) RCSLS Series A (Cont'd)

##### (vi) Conversion of RCSLS Series A Into Shares

Following the redemption of RCSLS Series A, conversion rights over RCSLS Series A is no longer applicable.

#### (B) RSLs Series B

The salient terms and features of the RSLs Series B are as follows:

##### (i) Redemption tenor and Rate of Interest

The RSLs Series B shall have a tenor of 7 years.

In the event of the full redemption of RCSLS Series A without any or all of the Identified Assets being sold, the RSLs Series B shall not be cancelled or converted into ordinary shares of RM1 in EVL but shall be redeemed on or before the maturity date thereof from out of the proceeds of sale of the remaining Identified Assets.

In the event of a disposal of the Identified Assets / Security Shares, the redemption of RSLs Series B is subject to the full redemption of RCSLS Series A and after payment in full of the RSLs Series B, the holders of RSLs Series B shall be entitled to be paid interest on RSLs Series B. However, this interest is payable only in the circumstances mentioned in the foregoing paragraph.

The RSLs Series B shall have a tenor of 7 years. Subject to the provisions of the trust deed and relevant agreements, the RSLs Series B shall be entitled to be paid a back end interest at the rate of 5% per annum (simple interest). However, this interest is payable only in the event the RCSLS Series A is fully redeemed and all interest (including any default interest) thereon fully paid and:-

- (a) there is an excess from the proceeds of sales of the Identified Assets or, as the case may be, the Security Shares, after the full redemption of RCSLS Series A and after paying in full the redemption sum of the RSLs Series B; or
- (b) RCSLS Series A is fully redeemed without any or all of the Identified Assets/Security Shares being disposed off and the disposal price of the Identified Assets/Security Shares remaining unsold after the full redemption of RCSLS Series A, exceeds the RSLs Series B redemption sum; or
- (c) there are any of the Identified Assets/Security Shares remaining unsold after the redemption in full of RCSLS Series A and the payment in full of the RSLs Series B redemption sum.

As disclosed in Note 34(d) to the financial statements, the back end RSLs Series B interest on RSLs Series B up to 31 December 2007 has been accrued.

##### (ii) Security

The RSLs Series B shall be secured by way of:

- (a) second legal charge on two of the Identified Assets known as Malaysia International Exhibition & Convention Centre and Mines Waterfront Business Park; and
- (b) second legal charges on the Security Shares.

## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B") (CONT'D)

#### (B) RSLs Series B (Cont'd)

##### (iii) Conversion of RSLs Series B

In the event EVL fails to redeem the RCSLS Series A in full on or before its maturity and the RCSLS Series A holders, being unable to procure the sale of the Identified Assets / Security Shares for at least the RCSLS Series A redemption sum:

- (a) KNB procures the transfer by the Company to the RCSLS Series A holders of all the shares in EVL; and or
- (b) KNB and or any of the other RCSLS Series A holders converts its RCSLS Series A into ordinary shares in EVL; and or
- (c) the RCSLS Series A holders unanimously agree to extend the tenure of the RCSLS Series A.

EVL shall thereafter within 14 business days, by notice in writing to the RSLs Series B holders, convert all the RSLs Series B of each RSLs Series B holders into one ordinary share of RM1 in EVL.

In the event that all the Identified Assets/Security Shares are sold at a value of less than the RCSLS Series A redemption sum, all of each RSLs Series B shall be converted into one ordinary share of RM1 in EVL and shall be deemed fully settled.

In the event the disposal price of all the Identified Assets /Security Shares exceeds the RCSLS Series A redemption sum, the amount in excess will be utilised to pay off the equivalent amount of the RSLs Series B proportionately and the remaining balance of each RSLs Series B shall be converted into one (1) ordinary share of RM1 in EVL and shall be deemed fully settled.

Each RSLs Series B holder shall, upon being requested to, sell its share in EVL arising from the conversion of the RSLs Series B to KNB, or, if the RCSLS Series A has been fully redeemed or converted into ordinary shares of EVL to CHHB, for a nominal consideration of RM1.

#### Golden Share

On 20 December 2004, East Vision Leisure Group Sdn Bhd ("EVL") issued One golden share in the form of redeemable preference share ("Golden Share") to Khazanah Nasional Berhad ("KNB") pursuant to the Master Agreement dated 16 December 2003 and Supplemental Master Agreement dated 21 May 2004, both of which were entered into by the EVL, KNB and the Company.

Following the redemption of RCSLS Series A, the Golden Share issued by EVL has been cancelled on 11 January 2008.

Pursuant to the rights conferred on the Golden Share, the affirmative vote of KNB in general meetings is required for certain matters in relation to EVL including:

- (a) cessation to conduct or carry on its business substantially as now conducted and/or acquire any subsidiaries, associated companies and/or any other business, company, partnership or sole proprietorship;
- (b) making any distribution of profits amongst the shareholders by way of dividend, capitalisation of reserves or otherwise; and

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/2011 ("RSLs SERIES B") (CONT'D)

#### Golden Share (Cont'd)

Pursuant to the rights conferred on the Golden Share, the affirmative vote of KNB in general meetings is required for certain matters in relation to EVL including: (Cont'd)

- (c) issuing or transferring any shares, preference or otherwise or any loan stocks or any other securities.

The Golden Share shall:

- (a) not be transferable without prior written consent of EVL;
- (b) be redeemable by EVL at par upon the RCSLS Series A being fully redeemed; and
- (c) not be entitled to any dividend of EVL.

### 31. BANK GUARANTEED COMMERCIAL PAPER & BANK GUARANTEED MEDIUM TERM NOTES

The Bank Guaranteed Commercial Paper ("CP") and Bank Guaranteed Medium Term Notes ("MTN") are constituted by a Trust Deed dated 2 May 2006 made by a subsidiary of the Company, Mega Palm Sdn Bhd and the Trustee for the noteholders of the CP and MTN. All notes shall be redeemed in full at face amount on the maturity date. The CP is of a tenure of not more than 12 months up to a sublimit of RM80,000,000 in nominal value. CP redeemed shall be cancelled but shall be available for re-issue subject to terms stipulated in the Programme and Underwriting Agreement dated 2 May 2006. MTN is of a tenure of more than 1 year but not exceeding 7 years up to a sublimit of RM70,000,000 in nominal value. MTN redeemed shall be cancelled and not available for reissuance.

The CP and MTN are secured by the following:

- (a) Unconditional and irrevocable bank guarantee issued by Malayan Banking Berhad ("Guarantor") to guarantee repayment of the borrowings;
- (b) First fixed charge over the master title known as Geran 37112, Lot 826, Mukim Batu being the Country Heights Damansara project land under the National Land Code which shall exclude the units sold in the said land;
- (c) Corporate guarantee from the Company;
- (d) First legal charge and assignment over all Designated Accounts for the Project (i.e. Proceeds Account, Project Account and Redemption Account) and the proceeds therein;
- (e) Assignment of insurance proceeds and/or endorsement of the security agent as loss payee over all insurance proceeds attributable to the Issuer in relation to the Project;
- (f) Assignment of all the Issuer's rights title and benefit in and to the credit balance and all monies in the HDA accounts;
- (g) Land held for property development and property development cost with a carrying amount of RM69,010,000 (2006: RM83,072,000) and RM49,357,000 (2006: RM37,521,000) respectively; and



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 31. BANK GUARANTEED COMMERCIAL PAPER & BANK GUARANTEED MEDIUM TERM NOTES (CONT'D)

The CP and MTN are secured by the following: (Cont'd)

- (h) Any other security to be advised by the Guarantor and/or its legal counsel and agreed by the Issuer.

The terms of CP and MTN arrangements contain various covenants, including the following:

- (i) the Issuer must maintain a Debt of Equity Ratio of not more than 2.5 times at all times; and
- (ii) the Issuer must maintain a Debt Service Cover Ratio of not less than 1.2 times at all times.

The interest rates at the balance sheet date for the borrowings ranges as follows:

	<b>2007</b> %	<b>2006</b> %
Bank Guaranteed Commercial Paper	3.90 - 4.10	4.20 - 5.10
Bank Guaranteed Medium Term Notes	5.20 - 7.10	5.20 - 7.10

The proceeds from the issue of the MTN and CP are accounted for in balance sheets of the Group as follows:

	<b>2007</b> <b>RM'000</b>	<b>Group</b> <b>2006</b> <b>RM'000</b>
Bank Guaranteed Medium Term Notes Nominal value	70,000	70,000
Bank Guaranteed Commercial Paper Nominal value	60,000	62,000
Less: Unamortised discount**	(586)	(1,230)
	<b>59,414</b>	<b>60,770</b>

\*\* Discount is recognised as interest expense in the consolidated income statement over the tenure of financing.

As at the end of the financial year, an aggregate finance cost on CP of RM2,705,000 (2006: RM1,672,000) had been recognised to the consolidated income statement, leaving a CP balance of RM59,414,000 (2006: RM60,770,000) in the consolidated balance sheet. The finance cost is charged on Bank Guaranteed Commercial Paper based on applicable market rates.



## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 32. LONG TERM LIABILITIES AND DEFERRED INCOME

		Group	
	Note	2007 RM'000	2006 RM'000
Unsecured:			
Golf membership loans	(a)	5,073	5,099
Deferred income	(b)	27,734	24,749
		<hr/>	<hr/>
		32,807	29,848
		<hr/>	<hr/>

- (a) These loans are granted to a subsidiary by members of a golf club operated by that subsidiary. The loans are unsecured, interest free and repayable at the earlier of 25 years from registration as member or upon members' resignation from the golf and country club.
- (b) This represents the deferred income portion of membership fees of a timeshare scheme operated by a subsidiary, recognised over the membership period of the scheme.

### 33. DEFERRED TAX

		Group	
	Note	2007 RM'000	2006 RM'000
At 1 January		106,459	13,732
Effect of adopting FRS 140		-	20,342
Recognised in the income statement	9	(25,796)	483
Transfer (to)/from revaluation reserve		(2,179)	45,762
Transfer from retained earnings		703	26,026
Exchange differences		29	114
		<hr/>	<hr/>
At 31 December		79,216	106,459
		<hr/>	<hr/>
Presented after appropriate offsetting as follows:			
Deferred tax assets		(13,486)	(25,600)
Deferred tax liabilities		92,702	132,059
		<hr/>	<hr/>
		79,216	106,459
		<hr/>	<hr/>

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 33. DEFERRED TAX (CONT'D)

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

#### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Investment Properties RM'000	Revaluation Surplus RM'000	Land held for Development RM'000	Total RM'000
At 1 January 2007	2,636	35,660	90,262	4,155	132,713
Recognised in income statement	(201)	(35,098)	(987)	(448)	(36,734)
Reclassification of assets	-	-	-	(150)	(150)
Transfer to revaluation reserve	-	-	(2,179)	-	(2,179)
Transfer to retained earnings	-	-	(790)	-	(790)
At 31 December 2007	2,435	562	86,306	3,557	92,860
At 1 January 2006	10,818	10,305	19,563	4,287	44,973
Effect of adopting FRS 140	-	20,342	-	-	20,342
Recognised in income statement	(8,182)	5,013	(1,089)	(132)	(4,390)
Transfer from revaluation reserve	-	-	45,762	-	45,762
Transfer from retained earnings	-	-	26,026	-	26,026
At 31 December 2006	2,636	35,660	90,262	4,155	132,713

#### Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM'000	Unabsorbed Business Losses RM'000	Property Development Cost RM'000	Others RM'000	Total RM'000
At 1 January 2007	(10,518)	(1,022)	(14,561)	(153)	(26,254)
Recognised in income statement	10,395	17	566	(40)	10,938
Transfer from retained earnings	-	-	1,493	-	1,493
Reclassification of assets	9	295	-	(154)	150
Exchange difference	-	21	-	8	29
At 31 December 2007	(114)	(689)	(12,502)	(339)	(13,644)
At 1 January 2006	(15,410)	(690)	(14,982)	(159)	(31,241)
Recognised in income statement	4,892	(448)	461	(32)	4,873
Exchange difference	-	116	(40)	38	114
At 31 December 2006	(10,518)	(1,022)	(14,561)	(153)	(26,254)

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 33. DEFERRED TAX (CONT'D)

Deferred tax assets have not been recognised in respect of the following items as it is not probable that taxable profit will be available in the respective subsidiaries:

	Group	
	2007 RM'000	2006 RM'000
Unused tax losses	101,489	103,042
Unabsorbed capital allowances	99,194	57,326
Unabsorbed investment tax allowances	33,879	33,879
Other deductible temporary differences	(5,897)	(7,061)
	<hr/> 228,665	<hr/> 187,186

	Company	
	2007 RM'000	2006 RM'000
Unused tax losses	-	4,667
Unabsorbed capital allowances	-	63
	<hr/> -	<hr/> 4,730

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective subsidiaries, subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authorities.

### 34. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables					
Third parties	(a)	41,919	42,374	-	-
Due to companies in which certain directors have interest		713	1,444	-	-
Retentions		2,970	4,296	-	-
Trade accruals		30,890	22,655	-	-
		<hr/> 76,492	<hr/> 70,769	<hr/> -	<hr/> -



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 34. TRADE AND OTHER PAYABLES (CONT'D)

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Other payables</b>					
Due to subsidiaries	(b)	-	-	182,202	197,622
Accruals		31,471	31,939	9,926	11,237
Sundry payables	(c)	77,666	37,601	8,755	1,720
Interest on RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds")	29	19,364	16,364	19,364	16,364
Interest accrued on 68,821,674 Redeemable Secured Loan Stock 2004/2011 ("RSLs Series B")	(d)	10,436	-	-	-
Deposits received		5,860	12,745	-	-
Provision for tax penalty		8,786	11,914	-	-
Provision for liquidated ascertained damages		1,194	1,012	-	-
Due to directors		266	168	217	-
Due to companies in which certain directors have interest	(e)	30,986	29,374	26,933	27,055
		186,029	141,117	247,397	253,998
		262,521	211,886	247,397	253,998

(a) The normal credit terms granted to the Group range from 30 to 45 days.

(b) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(c) Included in sundry payables of the Group and of the Company is dividend payable on Cumulative Redeemable Preference Shares (CRPS I) issued by a subsidiary in prior years owing to Puan Sri Tan Bee Hong, a close family member of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew of RM553,000 (2006: RM553,000) and RM553,000 (2006: RM553,000) respectively.

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) During the year, East Vision Leisure Group Sdn Bhd ("EVL") completed arrangements for the disposal of one of the Identified Assets, Mines Shopping Fair ("MSF"), and fully redeemed the 420,000,000 Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A") on 19 December 2007 as disclosed in Note 30 to the financial statements. Following the disposal of MSF and the redemption of RCSLS Series A, interest on RSLs Series B is payable to the extent of sales proceeds arising from the disposal of the remaining Identified Assets, Mines Waterfront Business Park ("MWBP") and Malaysia International Exhibition & Convention Centre ("MIEC"), and is calculated up to the date of redemption of RSLs Series B amounting RM10,436,000.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 34. TRADE AND OTHER PAYABLES (CONT'D)

- (e) Included in amounts due to companies in which certain directors have interest of the Group and of the Company are:
- (i) Cash payment portion of purchase consideration amounting to RM11,214,000 (2006: 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 a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew has controlling interest; and
  - (ii) An amount due to a company owned by Lee Kim Choon and Lee Hoo, close family members of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew for RM15,443,000 (2006: RM15,443,000) and RM15,443,000 (2006: RM15,443,000) respectively. The company was a former subsidiary of the Company, disposed of in 2004.

These amounts are unsecured, non-interest bearing and repayable on demand.

### 35. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
<b>Authorised ordinary share capital:</b>				
At 1 January	5,000,000	5,000,000	5,000,000	5,000,000
Reclassified from Cumulative Redeemable Preference Shares	50,000	-	50,000	-
	<u>5,050,000</u>	<u>5,000,000</u>	<u>5,050,000</u>	<u>5,000,000</u>
	Number of Cumulative Redeemable Preference Shares of RM0.10 each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
<b>Authorised Cumulative Redeemable Preference Share Capital:</b>				
At 1 January	500,000	500,000	50,000	50,000
Reclassified to ordinary share capital	(500,000)	-	(50,000)	-
	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>50,000</u>

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 35. SHARE CAPITAL (CONT'D)

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
<b>Issued and fully paid:</b>				
At 1 January	275,707	275,699	275,707	275,699
Ordinary shares issued during the year pursuant to Warrants 1996/2006	-	8	-	8
At 31 December	275,707	275,707	275,707	275,707

During the Annual General Meeting which was held on 21 June 2007, the shareholders have passed a special resolution to reclassify the authorised share capital of RM5,050,000,000 divided into 5,000,000,000 ordinary share of RM1.00 each and 500,000,000 Cumulative Redeemable Preference Shares of RM0.10 each to RM5,050,000,000 authorised share capital divided into 5,050,000,000 ordinary shares of RM1.00 each.

In the previous financial year, 8,003 warrants over shares in the Company had been exercised at RM3.31 each ("Warrants 1996/2006"), which resulted in an increase in share capital and share premium of RM8,000 and RM19,000 respectively. The warrants had expired in the previous financial year.

### 36. OTHER RESERVES

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Non-distributable:</b>					
Revaluation reserve	(a)				
Hotel properties	(a)(i)	145,204	144,888	-	-
Investment properties	(a)(ii)	-	-	-	-
Foreign exchange reserves	(b)	(5,244)	(4,593)	-	-
Capital redemption reserves	(c)	19,048	19,048	19,048	19,048
		159,008	159,343	19,048	19,048

The movements, nature and purpose of each category of reserve were as follows:

#### (a) Revaluation reserve

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>(i) Revaluation reserve - hotel properties</b>				
At 1 January	144,888	192,488	-	-
Transfer from/(to) deferred tax liabilities	2,179	(45,762)	-	-
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	(1,863)	(1,838)	-	-
At 31 December	145,204	144,888	-	-



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 36. OTHER RESERVES (CONT'D)

#### (a) Revaluation reserve (Cont'd)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>(ii) Revaluation reserve - investment properties</b>				
At 1 January	-	75,855	-	-
Effect of adopting FRS 140	-	(75,855)	-	-
At 31 December	-	-	-	-

The revaluation reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of hotel properties above their cost.

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>(b) Foreign exchange reserve</b>				
At 1 January	(4,593)	1,673	-	-
Arising in the year	(651)	(6,266)	-	-
Transfer to retained earnings	-	-	-	-
At 31 December	(5,244)	(4,593)	-	-

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries which qualify as foreign entities at balance sheet date.

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>(c) Capital redemption reserves</b>				
At 1 January/31 December	19,048	19,048	19,048	19,048

The capital redemption reserve arose from the redemption of the 190,478,000 Cumulative Redeemable Preference Shares of RM0.10 each issued by the Company ("CRPS I").

Pursuant to the Asset Based Settlement Exercise, the CRPS I was redeemed on 23 June 2005 instead of its original due date on 25 October 2005. A total of RM19,047,800 constituting the nominal value of the CRPS I redeemed was transferred from the Company's retained profits to the capital redemption reserve. This amount would otherwise have been available for distribution as dividend.

The capital redemption reserve may be applied in paying up unissued shares of the Company as fully paid bonus shares.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 37. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2007, the Company has tax exempt profits available for distribution of approximately RM136,427,000 (2006: RM132,867,000), subject to the agreement of the Inland Revenue Board.

As at 31 December 2007, the Company has sufficient credit in the 108 balance and the balance in the tax-exempt income account to pay franked dividends out of its entire retained earnings.

### 38. COMMITMENTS

#### Capital Commitments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Approved and contracted for	85,540	34,923	-	-
Approved but not contracted for	54,975	17,757	-	14,839
	140,515	52,680	-	14,839

### 39. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Secured:</b>				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	126,585	149,524
	-	-	126,585	149,524

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 39. CONTINGENT LIABILITIES (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Unsecured:</b>				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	291	40,251	45,350
The Group has been imposed a penalty for late payment of assessment by the local authorities. The Group has appealed for an exemption of the said penalty and has reached an amicable settlement with the local authorities. Currently the exemption is pending approval from the state government. The directors are confident that the appeal will be successful.	-	458	-	-
Law suit against a subsidiary, Country Heights Industries Sdn Bhd by creditor in relation to a balance for building works done for a project, College Heights Garden Resort, Pajam for the subsidiary.	249	-	-	-
Guarantees to financial institutions in respect of borrowing facilities granted to customers	6,377	8,912	-	-
Bank guarantees given to suppliers for the purpose of hotel utilities	726	721	-	-
	7,352	10,382	40,251	45,350
	7,352	10,382	166,836	194,874

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

- (i) Transactions with companies in which a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew, has controlling interests:

	<b>Group</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Insurance expenses	1,622	1,702	-	-
Security charges	992	1,004	-	-
Purchase of souvenirs	6	22	-	-
Rental expenses	207	159	-	-
Rental income	(692)	(326)	-	-

- (ii) Transactions with directors of the Company:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Bond interest paid and payable to Tan Sri Lee Kim Tiong @ Lee Kim Yew	12,000	12,000
Rental expense paid to Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	48	48

- (iii) Transactions with companies in which directors of certain subsidiaries or parties connected to those directors have controlling interest:

	<b>Group</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Rental income received from:	(a)	
	(602)	(573)

- (a) Related to Mr Lee Teck Seng, a nephew of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew.

<b>Company</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Subsidiaries		
Food & beverages and room charges	537	165
Revolving credit interest	-	1,369
Dividend receivable from subsidiaries, net of tax	(12,300)	(5,440)
Management fees receivable from subsidiaries	(2,206)	(2,113)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon with the above parties.



## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 40. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Salaries and other emoluments		1,520	1,763	351	363
Bonuses		533	330	449	269
Pension costs - defined contribution plans		288	247	111	50
Other emoluments		164	116	-	-
Director fees	8	107	96	93	81
		<u>2,612</u>	<u>2,552</u>	<u>1,004</u>	<u>763</u>

Included in the total key management personnel are:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors' remuneration (Note 8)	2,267	2,232	1,004	763

### 41. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, foreign exchange risk, liquidity risk and credit 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.

(b) Interest Rate Risk

The Group's primary interest risk relates to interest-bearing borrowings which are principally denominated in Malaysian Ringgit. The Group has no substantial long-term interest bearing assets as at 31 December 2007. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 41. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, South African Rand, Sterling Pound, Singapore Dollar and New Zealand Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from probable purchases and sales give rise to foreign exchange exposures.

There is minimal foreign exchange exposure as the transactional currencies are the functional currencies of the operating entities.

#### (d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### (e) Credit Risk

Credit risks or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

#### (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Assets</b>					
<b>At 31 December 2007:</b>					
Non-current unquoted shares	20	2,000	*	-	-
Non-current memberships	20	798	*	718	*
Long term receivables	23	17,349	15,344	-	-
<hr/>					
<b>At 31 December 2006:</b>					
Non-current unquoted shares	20	2,000	*	-	-
Non-current memberships	20	798	*	718	*
Long term receivables	23	11,097	10,811	-	-
<hr/>					





# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 41. FINANCIAL INSTRUMENTS (CONT'D)

#### (f) Fair Values (Cont'd)

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings: (Cont'd)

	Note	Group		Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities					
At 31 December 2007:					
Term loans	27	3,290	3,149	-	-
Revolving credit	27	46,890	46,683	-	-
Bank Guaranteed					
Commercial Paper	27	59,414	@	-	-
Bank Guaranteed Medium					
Term Notes	27	70,000	73,119	-	-
Bonds	29	150,000	150,000	150,000	150,000
RSLS Series B	30	68,822	63,059	-	-
Golf membership loans	32	5,073	#	-	-
At 31 December 2006:					
Term loans	27	3,578	3,217	-	-
Revolving credit	27	53,790	53,452	-	-
Bank Guaranteed					
Commercial Paper	27	60,770	@	-	-
Bank Guaranteed Medium					
Term Notes	27	70,000	@	-	-
Bonds	29	150,000	150,000	150,000	150,000
RCSLS Series A	30	420,000	394,511	-	-
RSLS Series B	30	68,822	61,861	-	-
Golf membership loans	32	5,099	#	-	-

\* It is not practicable to estimate the fair values of the Group's and the Company's non-current unquoted shares and memberships because of the lack of quoted market prices and the inability to estimate their fair value without incurring excessive costs.

# It is not practicable to estimate the fair value of golf membership loans which derived from a foreign subsidiary due to volatility of the foreign exchange currency rates, uncertainties in its repayment terms which could be repayable in 25 years or upon resignation of its members and without incurring excessive costs.

@ The fair values of the Medium Term Note and Commercial Paper in issue are equivalent to their carrying amount as their effective interest rates are considered to be market rates in view of their recent issue.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

#### (i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 41. FINANCIAL INSTRUMENTS (CONT'D)

#### (f) Fair Values (Cont'd)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments: (Cont'd)

##### (ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

##### (iii) Interest-Bearing Receivables/Borrowings

The fair value of interest-bearing receivables/borrowings is estimated by discounting the expected future cash flows using current interest rates for liabilities with similar types of lending and borrowing arrangements and risk profiles.

### 42. SEGMENT INFORMATION

#### (a) Business Segments

The Group is organised and operates internationally into six major business segments:

- (i) Property development
- (ii) Medical tourism
- (iii) Hotel operations
- (iv) Exhibition operations
- (v) Leisure operations
- (vi) Rental operations
- (vii) Others

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

# Notes To The Financial Statements

for the year ended 31 December 2007 (Cont'd)

## 42. SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd)

	Property Development RM'000	Medical Tourism RM'000	Hotel Operations RM'000	Exhibition Operations RM'000	Leisure Operations RM'000	Rental Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Discontinued Operation RM'000	Total Operations RM'000
<b>31 December 2007</b>											
<b>Revenue</b>											
External sales	90,491	28,090	54,625	2,545	35,333	5,401	3,295		219,780	38,755	258,535
Inter-segment sales	5,050	5,869	4,414	739	1,138	2,651	19,118	(38,979)	-	-	-
Total revenue	95,541	33,959	59,039	3,284	36,471	8,052	22,413	(38,979)	219,780	38,755	258,535
<b>Results</b>											
Segment results	33,121	3,355	(136)	(1,779)	(1,063)	6,071	51,712	(58,181)	33,100	106,551	139,651
Profit from operations									33,100	106,551	139,651
Finance costs									(45,590)	(15,288)	(60,878)
Share of results of associates	-	-	-	-	-	-	(158)	-	(158)	-	(158)
(Loss)/profit before taxation									(12,648)	91,263	78,615
Income tax expense									(12,460)	33,653	21,193
(Loss)/profit after taxation									(25,108)	124,916	99,808
Minority interests									673	-	673
Net (loss)/profit for the year									(24,435)	124,916	100,481

# Notes To The Financial Statements

for the year ended 31 December 2007 (Cont'd)

## 42. SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd)

<b>31 December 2007</b>									
<b>Assets</b>	<b>Property Development</b>	<b>Medical Tourism</b>	<b>Hotel Operations</b>	<b>Exhibition Operations</b>	<b>Leisure Operations</b>	<b>Rental Operations</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Segment assets	600,517	14,005	497,817	212,153	63,328	135,750	9,795		1,533,365
Tax recoverable	643	-	5	-	10	23	2,234		2,915
Deferred tax asset	13,149	-	-	-	337	-	-		13,486
Investment in associates	-	-	-	-	-	-	3,295		3,295
Consolidated total assets									1,553,061
<b>Liabilities</b>									
Segment liabilities	298,569	15,452	204,635	2,651	39,212	83,651	55,402		699,572
Deferred tax liabilities	7,068	-	53,186	30,110	60	2,278	-		92,702
Provision for taxation	45,619	99	-	-	527	634	737		47,616
Consolidated total liabilities									839,890
<b>Other Information</b>									
Capital expenditure	2,599	1,069	2,423	78	370	3,088	28		9,655
Depreciation/Amortisation	1,664	1,590	11,584	5,561	1,545	926	265		23,135
Allowance for doubtful debts	-	2,282	797	51	2,810	558	235		6,733
Allowance for doubtful debts written back	-	(647)	-	(975)	-	(31)	(1,844)		(3,497)
Other significant non cash expenses	-	2,093	-	-	3,071	-	243		5,407
Impairment losses in value of other investments	-	-	-	-	-	-	124		124



# Notes To The Financial Statements

for the year ended 31 December 2007 (Cont'd)

## 42. SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd)

	Property Development RM'000	Medical Tourism RM'000	Hotel Operations RM'000	Exhibition Operations RM'000	Leisure Operations RM'000	Rental Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Discontinued Operation RM'000	Total Operations RM'000
<b>31 December 2006 (Restated)</b>											
<b>Revenue</b>											
External sales	50,518	25,512	45,338	5,883	40,901	4,552	1,407		174,111	39,054	213,165
Inter-segment sales	1,186	2,638	4,138	1,019	1,450	2,589	8,844	(21,864)	-	-	-
Total revenue	51,704	28,150	49,476	6,902	42,351	7,141	10,251	(21,864)	174,111	39,054	213,165
<b>Results</b>											
Segment results	13,592	2,751	(13,005)	(10,107)	2,045	3,744	40,025	(44,974)	(5,929)	23,102	17,173
(Loss)/profit from operations									(5,929)	23,102	17,173
Finance costs									(35,327)	(15,692)	(51,019)
Share of results of associates	-	-	-	40	-	-	(159)	-	(119)	-	(119)
(Loss)/profit before taxation									(41,375)	7,410	(33,965)
Income tax expense									(2,038)	(27)	(2,065)
(Loss)/profit after taxation									(43,413)	7,383	(36,030)
Minority interests									3,341	-	3,341
Net (loss)/profit for the year									(40,072)	7,383	(32,689)



# Notes To The Financial Statements

for the year ended 31 December 2007 (Cont'd)

## 42. SEGMENT INFORMATION (CONT'D)

### (a) Business Segments (Cont'd)

#### 31 December 2006 (Restated)

	Property Development RM'000	Medical Tourism RM'000	Hotel Operations RM'000	Exhibition Operations RM'000	Leisure Operations RM'000	Rental Operations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Assets</b>									
Segment assets	565,261	18,240	512,849	219,824	66,852	456,371	18,582		1,857,979
Tax recoverable	861	-	5	-	10	-	690		1,566
Deferred tax assets	15,246	-	-	9,772	277	305	-		25,600
Investment in associates	-	-	-	268	-	-	342		610
Consolidated total assets									1,885,755
<b>Liabilities</b>									
Segment liabilities	290,256	17,213	585,767	91,192	38,085	12,312	43,993	(3)	1,078,815
Deferred tax liabilities	6,568	-	55,999	31,687	60	37,745	-		132,059
Provision for taxation	59,681	-	-	-	448	80	2,134		62,343
Consolidated total liabilities									1,273,217
<b>Other Information</b>									
Capital expenditure	3,945	4,805	1,035	360	425	4,549	30		15,149
Depreciation/Amortisation	1,328	1,387	13,488	8,620	1,843	973	269		27,908
Impairment losses	-	-	-	-	-	-	231		231
Allowance for doubtful debts	19	3,676	-	430	1,557	863	-		6,545
Allowance for doubtful debts written back	-	(884)	(60)	-	(128)	(313)	-		(1,385)
Other significant non cash expenses	(798)	1,222	4,601	(9)	442	-	5,190		10,648

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 42. SEGMENT INFORMATION (CONT'D)

#### (b) Geographical Segments

Although the Group's six major business segments are managed internationally, its operations are in two principal geographical area. In Malaysia, the Group's areas of operation are principally property development, investment, construction, hotel operations, exhibition, operations, leisure operations and rental operations. The Group also operates in South Africa, principally in golf estate ownership and operation of a boat club.

	<b>Total Revenue From External Customers RM'000</b>	<b>Segment Assets RM'000</b>	<b>Capital Expenditure RM'000</b>
<b>2007</b>			
Malaysia			
Continuing operations	206,212	1,522,913	9,557
Discontinued operation	38,755	-	-
South Africa	13,568	30,094	98
Others	-	54	-
	<hr/> 258,535	<hr/> 1,553,061	<hr/> 9,655
<b>2006 (Restated)</b>			
Malaysia			
Continuing operations	167,699	1,853,303	14,842
Discontinued operation	39,054	-	-
South Africa	6,412	32,398	307
Others	-	54	-
	<hr/> 213,165	<hr/> 1,885,755	<hr/> 15,149

# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 43. COMPARATIVES

The following comparative amounts as at 31 December 2006 have been reclassified to conform with current year's presentation:

Group	Note	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Hotel properties and exhibition centre & showroom	13	685,457	(333,790)	351,667
Other property, plant and equipment	14	160,440	(41,572)*	118,868
Investment properties	15	402,350	29,443	431,793
Prepaid land lease payments	16	-	360,352	360,352
Land held for property development	17(a)	209,978	(14,433)	195,545
Long term receivables	23	10,120	977	11,097
Trade and other receivables	23	90,956	(977)	89,979
Long term liabilities	32	29,848	(24,749)	5,099
Deferred income	32	-	24,749	24,749
Revenue		213,165	(39,054)	174,111
Cost of sales		(83,197)	944	(82,253)
Other income		15,846	(265)	15,581
Selling and marketing expenses		(2,115)	(4,591)	(6,706)
Administrative expenses		(18,767)	(5,069)	(23,836)
Other expenses		(107,759)	24,933	(82,826)
Finance cost		(51,019)	15,692	(35,327)
Income tax expense		(2,065)	27	(2,038)
Loss for the year		(36,030)	(7,383)	(43,413)
Profit for the year from discontinued operation		-	7,383	7,383
<b>Company</b>				
Administrative expenses		(1,498)	(1,968)	(3,466)
Other expenses		(2,288)	1,968	(320)

\* Includes restatement of RM12,129,000 to prepaid land lease payments as a result of adopting FRS 117: Leases as disclosed in Note 2.3(c) to the financial statements.

### 44. SIGNIFICANT EVENTS

#### (a) Disposal of an investment property, Mines Shopping Fair

On 16 August 2007, Mines Shopping Fair Sdn Bhd ("MSFSB"), a wholly-owned subsidiary of East Vision Leisure Group Sdn Bhd ("EVL"), which in turn is a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("MSF Agreement") with Mutual Streams Sdn Bhd ("MSSB") to dispose of Mines Shopping Fair ("MSF") comprising land and a shopping mall erected thereon for a cash consideration of RM432,000,000. The disposal resulted in gain on disposal to the Group of RM82,910,000 and the reversal of deferred tax liabilities to the Group of RM35,320,000 during the financial year. MSSB is currently in the process of registering the transfer of the land title.

The disposal of MSF resulted in the discontinuance of the letting of shopping mall lots and promotion space operations, previously reported in the rental operations segment.



# Notes To The Financial Statements

## for the year ended 31 December 2007 (Cont'd)

### 44. SIGNIFICANT EVENTS (CONT'D)

#### (a) Disposal of an investment property, Mines Shopping Fair (Cont'd)

Pursuant to the MSF Agreement, a put and call option was issued over an ancillary land and building of MSF which has not been disposed of known as Venice Walk Land and Venice Walk Building. Disposal of Venice Walk Land and Building is subject to the Group obtaining certain approvals from the authorities over Venice Walk Land and Building. The put and call option shall be exercisable within a period of 30 days from receipt of the approvals from the authorities. Upon exercise of the put or call options, MSSB shall pay MSFSB RM3,000,000 for the Venice Walk Land & Building.

Venice Walk Building is classified as Non-Current Asset Held For Sale in the financial statements. Venice Walk Land is not capitalised in the financial statements of the Group.

#### (b) Early redemption of Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A")

On 19 December 2007, the Group redeemed the RCSLS Series A of RM420,000,000 4 years prior to its redemption date from the disposal proceeds of Mines Shopping Fair of RM 432,000,000 as disclosed in (a) above and Note 30 to the financial statements.

#### (c) Disposal of shares in an associate, Mexs Design & Contracts Sdn Bhd

On 26 February 2007, Mines International Exhibition Centre Sdn Bhd, a wholly-owned subsidiary of East Vision Leisure Group Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, disposed of its entire equity interest in an associate, Mexs Design & Contracts Sdn Bhd ("MDCSB") for a total consideration of RM252,000. As a result of the disposal, the Group reported a loss of RM15,000. MDCSB's principal activity is that of interior decoration contractor.

#### (d) Investment in an associate, Dragon Spring Investment (Labuan) Limited

On 10 April 2007, Country Heights China Ltd ("CHCL"), a wholly-owned subsidiary of the Company, entered into a share subscription agreement ("Share Subscription Agreement") with Dragon Spring Investment (Labuan) Limited ("DSILL") and Earthlodge Investments Limited & Associates ("EIL") wherein DSILL had offered and CHCL had agreed to subscribe for 900,000 ordinary shares of US\$1.00 each in DSILL at an issue price of US\$1.00 per share.

Pursuant to the Share Subscription Agreement, CHCL would hold not less than 20% of the total shareholding in DSILL. As at the year end, CHCL held 20.93% equity interest in DSILL.

DSILL's wholly owned subsidiary, Dragon Spring Water Services Limited ("DSWSL"), entered into a concession agreement on 26 October 2006 with the City Government of TianChang City, People's Republic of China ("Concession Agreement"), pursuant to which DSWSL was granted a 30-year concession to undertake the business to build, operate and own a water supply system located in TianChang City, People's Republic of China upon the terms and conditions contained in the Concession Agreement.

#### (e) Disposal of shares in a subsidiary, Country Heights Marketing Sdn Bhd ("CHMSB")

On 28 May 2007, the Company entered into a sale and purchase of shares agreement ("CHMSB Disposal Agreement") with Country Heights International Sdn Bhd, a related party, to dispose of 2,600,000 ordinary shares of RM1 each representing the Company's entire equity interest in a subsidiary, Country Heights Marketing Sdn Bhd ("CHMSB"), for a cash consideration of RM960,000. The cash consideration was arrived at based on the audited net assets of CHMSB as at the date of disposal. The cost of investment in CHMSB was RM2,600,000. Arising from the disposal, there was no gain or loss to the Group whilst loss to the Company amounted to RM1,640,000. The principal business activity of CHMSB is the provision of marketing services, previously reported as part of the property development segment.

## Notes To The Financial Statements for the year ended 31 December 2007 (Cont'd)

### 44. SIGNIFICANT EVENTS (CONT'D)

**(f) Purchase of 23 parcels of freehold land located in Mukim of Rasa and Mukim of Batang Kali**

On 12 June 2007, PRS Homes Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Silver Concept Sdn Bhd for the acquisition of 23 parcels of freehold land of approximately 2,073 acres located in Mukim of Rasa and Mukim of Batang Kali for a total consideration of RM56,000,000, to be developed by the Group. During the year, the Company paid a non-refundable deposit of RM5,600,000 to the vendor. The balance of the purchase consideration is due for settlement on 7 May 2008.

**(g) Disposal of shares in a subsidiary, Country Heights Parade Sdn Bhd**

On 24 October 2007, the Company entered into a share purchase agreement for the disposal of 2,600,000 ordinary shares of RM1 each representing the Company's entire equity interest in Country Heights Parade Sdn Bhd ("CHPSB"), a wholly-owned subsidiary of the Company, for a cash consideration of RM2,789,000. The cash consideration was arrived at based on the net assets of CHPSB as at 19 October 2007 of RM2,789,000. The cost of investment in CHPSB was RM2,600,000. Arising from the disposal, there was no gain or loss to the Group whilst gain to the Company amounted to RM189,000. The principal business activity of CHPSB is property development, previously reported as part of the property development segment.





# Analysis Of Shareholdings

## as at 15 May 2008

Authorised Share Capital	: RM5,050,000,000 divided into 5,050,000,000 ordinary shares of RM1.00 each
Paid-up Share Capital	: 275,707,403 ordinary shares of RM1.00 each
Class of Share	: Ordinary Share of RM1.00 each
Voting Rights	: 1 Vote per Ordinary Share

## Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	57	0.7848	821	0.0003
100 - 1,000	2,376	32.7138	2,264,418	0.8213
1,001 - 10,000	4,332	59.6448	15,149,041	5.4946
10,001 - 100,000	446	6.1407	11,917,900	4.3227
100,001 to less than 5% of issued shares	48	0.6609	114,325,885	41.4664
5% and above of issued shares	4	0.0550	132,049,338	47.8947
Total	7,263	100.0000	275,707,403	100.0000

## Substantial Shareholders

No.	Name of Shareholders	No. of Shares			
		Direct	%	Indirect	%
1	Golden Touch Venture Sdn Bhd	39,425,000 <sup>(1)</sup>	14.30	-	-
2	Chunghwa Picture Tubes (Malaysia) Sdn Bhd	48,000,000	17.41	-	-
3	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,485,130 <sup>(1)</sup>	32.46	41,751,600 <sup>(2)</sup>	15.14

## Statement of Directors' Shareholdings

No.	Name of Directors	No. of Shares			
		Direct	%	Indirect	%
1	General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	1,480,842	0.54	-	-
2	Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,485,130 <sup>(1)</sup>	32.46	41,751,600 <sup>(2)</sup>	15.14
3	Mr. Mark Victor Rozario	-	-	-	-
4	Academician Tan Sri Datuk Dr. Ong Soon Hock	16,000	0.01	-	-
5	Encik Nik Hassan Bin Nik Mohd Amin	-	-	-	-
6	Mr. Chew Chong Eu	-	-	-	-
7	Mr. Chew Cheng Keat	-	-	-	-

Note :

(1) Partly held through various nominees companies

(2) Interested by virtue of his substantial interest in Golden Touch Venture Sdn Bhd and Bee Garden Holdings Sdn Bhd

# List Of Thirty Largest Securities Accounts Holders as at 15 May 2008

Name of Shareholders	No. of Shares	Percentage
1. CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	43,874,338	15.9134
2. Chunghwa Picture Tubes (Malaysia) Sdn Bhd	40,000,000	14.5081
3. Lee Kim Tiong @ Lee Kim Yew	24,500,000	8.8862
4. AMMB Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Golden Touch Venture Sdn Bhd</i>	23,675,000	8.5870
5. Kensington Group Management Limited	13,784,000	4.9995
6. Joint Win Investments Limited	13,729,900	4.9799
7. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	12,340,500	4.4759
8. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Wee Hang</i>	10,879,800	3.9461
9. Mayban Nominees (Tempatan) Sdn Bhd <i>Aseambankers Malaysia Berhad for Golden Touch Venture Sdn Bhd</i>	8,750,000	3.1737
10. Chunghwa Picture Tubes (Malaysia) Sdn Bhd	8,000,000	2.9016
11. Amsec Nominees (Asing) Sdn Bhd <i>Ambank (M) Berhad for Hung Rong Min</i>	7,856,000	2.8494
12. Golden Touch Venture Sdn Bhd	7,000,000	2.5389
13. Mayban Nominees (Tempatan) Sdn Bhd <i>Aseambankers Malaysia Berhad for Lee Kim Tiong @ Lee Kim Yew</i>	5,980,862	2.1693
14. Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Loke Kim Wan</i>	2,822,800	1.0238
15. Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	2,721,430	0.9871
16. Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Lim Koon Thye</i>	2,415,400	0.8761
17. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Bee Garden Holdings Sdn Bhd</i>	2,326,600	0.8439
18. Berjaya Sompo Insurance Berhad	1,880,600	0.6821
19. Periyakin Midcap Venture Sdn Bhd	1,750,800	0.6350

## List Of Thirty Largest Securities Accounts Holders as at 15 May 2008 (Cont'd)

Name of Shareholders	No. of Shares	Percentage
20. ECML Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Ong Chong Sek</i>	1,440,200	0.5224
21. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Loke Kim Wan</i>	1,432,631	0.5196
22. Citigroup Nominees (Asing) Sdn Bhd <i>Bear Stearns Securities Corp for FPP Emerging Markets Fund II Limited</i>	1,358,120	0.4926
23. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	811,200	0.2942
24. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	669,642	0.2429
25. PM Nominees (Tempatan) Sdn Bhd <i>PCB Asset Management Sdn Bhd for Ng Faai @ Ng Yoke Pei</i>	548,100	0.1988
26. Mulpha Engineering & Construction Sdn Bhd	488,000	0.1770
27. Anchor Point Sdn Bhd	480,000	0.1741
28. Malpac Capital Sdn Bhd	468,500	0.1699
29. Tan Eng Hock	335,500	0.1217
30. EB Nominees (Tempatan) Sendirian Berhad <i>Pledged securities account for Chong Kim Chan</i>	300,000	0.1088
<b>Total</b>	<b>242,619,923</b>	<b>87.9990</b>
<b>Total Issued Capital</b>	<b>275,707,403</b>	

# Analysis of Bondholdings

as at 15 May 2008

Type	:	Redeemable Secured Bonds
Nominal Value Outstanding	:	RM150,000,000
Maturity	:	31 December 2009
Coupon	:	8%
No. of Bondholders	:	2

## Distribution of Bondholders

Size of Bondholdings	No. of Bondholders	%	No. of Bonds Held	%
Less than 100	-	-	-	-
100 - 1,000	-	-	-	-
1,001 - 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 to less than 5% of issued Bonds	1	50.00	6,000,000	4.00
5% and above of issued Bonds	1	50.00	144,000,000	96.00
Total	2	100.00	150,000,000	100.00

## List of Bondholders

No.	Name of Bondholders	No. of Bonds	%
1	CIMB Nominees (Tempatan) Sdn Bhd (For the A/C of Tan Sri Lee Kim Tiong @ Lee Kim Yew)	144,000,000	96.00
2	United Overseas Bank (Malaysia) Bhd (For Golden Touch Asset Management Sdn Bhd for the A/C of Tan Sri Lee Kim Tiong @ Lee Kim Yew)	6,000,000	4.00
	Total	150,000,000	100.00

## Statement of Directors' Bondholdings

No.	Name of Directors	<----- No. of Bonds ----->			
		Direct	%	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	150,000,000#	100.00	-	-

Note :

# Held through CIMB Nominees (Tempatan) Sdn Bhd and United Overseas Bank (Malaysia) Bhd

					Approximate			
		No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Age of Building (Years)	Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Title	Location/Address							
	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	48	Freehold	Residential - bungalow land	21.38	-	5,310	13/7/1987
Lot 246 HSD 19983 P.T. No. 12892 Mukim of Kajang District of Ulu Langat Selangor	19 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow land	0.47	-	557	15/6/1993*
Lot 305 HSD 20098 P.T. No. 13007 Mukim of Kajang District of Ulu Langat Selangor	38A Jalan Senyum Matahari Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.45	19	982	15/6/1993*
Lot 570 HSD 24699 P.T. No. 20156 Mukim of Kajang District of Ulu Langat Selangor	57 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.46	19	865	15/6/1993*
Lot 594 HSD 24692 P.T. No. 20149 Mukim of Kajang District of Ulu Langat Selangor	65 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.41	13	509	15/6/1993*
HSD 20047 P.T. No. 12956 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten	) ) ) ) ) ) )	19	515	15/6/1993*
HSD 20055 P.T. No. 12964 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	) ) ) ) )		839	15/6/1993*
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	) ) ) ) )		407	15/6/1993*
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	) ) ) ) )		249	15/6/1993*



## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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 37653 GRN 122934 P.T. No. 34881 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Convenience Centre, Banking Hall & Clubhouse	6.40	19	11,687	15/6/1993*
HSD 52968 P.T.No. 40835 Mukim of Kajang District of Ulu Langat Selangor	Limited Additions Country Heights 43000 Kajang Selangor Darul Ehsan	2	Freehold	Residential - bungalow land	0.60	-	311	21/4/1989
Pajakan Negeri 7212 No. Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	26 villas 80 villas	Leasehold (expiring 12.11.2088)	Villas ) - P1: completed ) ( - P2: completed ) (unsold units ) (retained for ) (rental purposes) )	45.52	13 11	1,060 18,203	24/8/1988 24/8/1988
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	13	10,971	24/8/1988
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC)	1	Leasehold (expiring 20.3.2091)	Exhibition Centre	6.74	10	209,083	1/7/2003*
HSD 232191 P.T. No. 852 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	1	Leasehold (expiring 20.3.2091)	Proposed Condo	1.69	-	1,104	15/6/1993*
HSD 59898 P.T. No. 16726 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	41	Leasehold (expiring 20.3.2091)	Residential - bungalow land	10.23	-	7,184	15/6/1993*
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	10	404,656	20/5/2004*



## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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
	College Valley Industrial Park	102	Freehold	Industrial land	26.55	-	10,509	31/3/1995
Lot 27 HSD 105214 P.T. No. 13092 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.18	11 ) ) ) ) )		1/6/1994
Lot 28 HSD 104395 P.T. No. 12273 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.18	11 ) ) ) ) )		1/6/1994
Lot 397 HSD 104778 P.T. No. 12656 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.23	11 ) ) ) ) )		1/6/1994
Lot 890 HSD 105017 P.T. No. 12895 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.23	11 ) ) ) ) )		1/6/1994
Lot 963 HSD 105344 P.T. No. 13222 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	11 ) ) ) ) )	39,099	1/6/1994
Lot 965 HSD 105342 P.T. No. 13220 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.19	11 ) ) ) ) )		1/6/1994
Lot 969 HSD 105338 P.T. No. 13216 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.16	11 ) ) ) ) )		1/6/1994
Lot 972 HSD 105335 P.T. No. 13213 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.16	11 ) ) ) ) )		1/6/1994
Lot 973 HSD 105241 P.T. No. 13119 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.17	11 ) ) ) ) )		1/6/1994
Lot 1038 HSD 105294 PT 13173 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Bungalow	0.19	11 ) ) ) ) )		1/6/1994

## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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 23560 HM 132798 Mukim of Setul District of Seremban	College Heights Garden Resort	364	Freehold	Residential - bungalow land	81.20	) )	9,671	1/6/1994
	College Heights Garden Resort	7	Freehold	2-storey shop- office	0.41	) )		1/6/1994
	College Heights Garden Resort	27	Freehold	3-storey shop- office	1.17	) )		1/6/1994
	College Heights Garden Resort	343	Freehold	Low cost flat/shop	22.08		12,848	1/6/1994
	College Heights Garden Resort	7	Freehold	Institutional land	80.17	) )	12,324	1/6/1994
	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56	)		
	College Heights Garden Resort	2	Freehold	Residential future	4.13	) ) )		1/6/1994
	College Heights Garden Resort	154	Freehold	Commercial Development	12.87	) ) )	5,061	1/6/1994
	College Heights Garden Resort	4	Freehold	Recreational & Commercial land	5.58	) ) )		1/6/1994
	College Heights Garden Resort					)		
Lot 8217 PM 336 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 08.12.2093)	Agriculture Land	2.00	) ) ) ) )	1,189	6/8/2001
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
Lot 9225 PM 333 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 23.08.2095)	Agriculture Land	1.91	) ) ) ) )		6/8/2001
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
Lot 9226 PM 332 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Leasehold (Expiring 23.08.2095)	Agriculture Land	1.47	) ) ) ) )		6/8/2001
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		
	College Heights Garden Resort					)		



## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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 59892 P.T. No. 16720 Mukim of Petaling District of Petaling Selangor	Palace Beach & Spa	1	Leasehold (expiring 20.3.2091)	Hotel	9.25	11	59,275	4/2/2002*
HSD 59887 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Commercial Building	12.05	11	102,802	28/8/2003
HSD 59886 P.T. No. 16714 Mukim of Petaling District of Petaling Selangor	Golf View Apartments	1	Leasehold (expiring 20.3.2091)	Recreational	11.86		25,985	25/9/1998
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational	1.77	) ) ) ) ) ) )	14,097	25/9/1998
HSD 59890 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Recreational	153.40	) ) )		25/9/1998
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	0.07	11	461	12/11/2001
HSM 9-93 PT 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	9	459	21/5/2002
HSD 47623 Lot No.3177 Tanjung Tokong District Timur Laut	Leisure Bay, Penang	6	Freehold	Apartments	0.11	17	819	7/7/2005





## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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
Geran No. 37112 Lot 826 Mukim of Batu District of Kuala Lumpur 52000 Kuala Lumpur	CH Damansara	63	Freehold	Bungalow lots	19.60	)	118,367	14/11/2000
			Freehold	Cluster Bungalow	13.40	)		
			Freehold	Condo Development	7.05	)		
			Freehold	Commercial lots	3.20	)		
			Freehold	Future Development	6.42	)		
			Freehold	Clubhouse	2.96	)		
Lot 8242 HM 34157 Mukim of Durian Tunggal District of Alor Gajah Melaka	Melaka Land		Leasehold (expiring 21.4.2103)	Future Mixed Development	62.10		15,039	14/4/2004
Erf 258	Extension 5 482 JQ North West Province South Africa	1	Freehold	Etika house	0.13		114	31/12/1997
Erf 910	Extension 11 482 JQ North West Province South Africa	1	Freehold	Corporate lodge	0.13		1,039	31/12/1999
Erf 470	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Clubhouse	8.37	9 )	182	1/6/2003
						)		
						)		
						)		
						)		
Portion 124	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Club Marina	9.87	)		1/6/2003
						)		
						)		
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	9 )		1/6/2003
						)		
						)		
						)		
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03	)		1/6/2003
						)		
						)		
						)		
Erf 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	176.65	)		1/6/2003
						)		
						)		
						)	15,617	
						)		

## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86	) ) ) ) )		1/6/2003
Erf 1205	Extension 14 482 JQ North West Province South Africa	1	Freehold	P O S	0.29	) ) ) ) )		1/26/003
Erf 1269	Extension 16 482 JQ North West Province South Africa	1	Freehold	Parking	0.52	) ) ) ) )		1/6/2003
Portion 73	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	10.74	) ) ) ) )	747	1/6/2003
Remaining extent of portion 77	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	17.66	) ) ) ) )		1/6/2003
Erf 1233	Extension 8 482 JQ North West Province South Africa	1	Freehold	None	0.12		555	1/6/2003
Erf 1261	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.30		617	1/6/2003
Erf 1273	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.14		637	1/6/2003
Erf 1275	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.14		596	1/6/2003
Erf 1277	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.13		551	1/6/2003
Erf 1258	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.31		658	1/6/2003

## List Of Landed Properties Held By The Group as at 31 December 2007 (Cont'd)

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 1259	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.27		637	1/6/2003
Erf 1260	Extension16 482 JQ North West Province South Africa	1	Freehold	None	0.29		617	1/6/2003
Erf 1300	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		675	1/6/2003
Erf 1302	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		654	1/6/2003
Erf 1304	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		637	1/6/2003
					<u>6,301.77</u>		<u>1,310,100</u>	

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of Country Heights Holdings Berhad will be held at Unity I, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 26 June 2008 at 11.30 a.m. to transact the following businesses :-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 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 2007. *(Ordinary Resolution 1)*
3. To re-elect Mr. Mark Victor Rozario who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Ordinary Resolution 2)*
4. To re-elect En Nik Hassan Bin Nik Mohd Amin who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Ordinary Resolution 3)*
5. To re-elect Mr. Chew Chong Eu who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Ordinary Resolution 4)*
6. To re-elect Mr. Chew Cheng Keat who retires pursuant to Article 106 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Ordinary Resolution 5)*
7. To consider and if thought fit, to pass the following resolution to re-appoint General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) as a Director of the Company who is retiring pursuant to Section 129 of the Companies Act, 1965:-  
  
"THAT pursuant to Section 129 of the Companies Act, 1965, General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) who has attained the age of 70 years be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."  
*(Ordinary Resolution 6)*
8. To consider and if thought fit, to pass the following resolution to re-appoint Academician Tan Sri Datuk Dr. Ong Soon Hock as a Director of the Company who is retiring pursuant to Section 129 of the Companies Act, 1965:-  
  
"THAT pursuant to Section 129 of the Companies Act, 1965, Academician Tan Sri Datuk Dr. Ong Soon Hock who has attained the age of 70 years be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."  
*(Ordinary Resolution 7)*
9. To appoint auditors and to authorise the Directors to fix their remuneration.  
  
Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed as "Annexure A" has been received by the Company for the nomination of Messrs Deloitte KassimChan who have given their consent to act, for appointment as auditors and of intention to propose the following ordinary resolution:-  
  
"THAT Messrs Deloitte KassimChan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed upon between the Directors and Auditors."  
*(Ordinary Resolution 8)*

# Notice Of Annual General Meeting (Cont'd)

## As Special Business

To consider and if thought fit, with or without any modification, to pass the following Resolutions:-

### 10. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares from the unissued share capital of 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 issued share capital 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 the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

*(Ordinary Resolution 9)*

### 11. Proposed Renewal of General Mandate for Recurrent Related Party Transactions And Proposed New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature with the Related Parties as specified in Section 3.2 of the Circular to Shareholders dated 4 June 2008 ("Circular").

AND THAT a mandate be and is hereby granted for the Company and/or its subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature with the Related Parties as specified in Section 3.2 of the Circular PROVIDED ALWAYS that :-

- i. the transactions are necessary for the day to day operations of the Group;
- ii. the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and the transactions are undertaken at arm's length basis and are not detrimental to the minority shareholders of the Company; and
- iii. disclosure is made in the Annual Report of the break down of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;

AND THAT such approval shall continue to be in force until:

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM whereby the authority is renewed; or
- b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or



## Notice Of Annual General Meeting (Cont'd)

- c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier,

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution."

**(Ordinary Resolution 10)**

### 12. Proposed Renewal of Authority for the Purchase of its Own Shares by the Company

"THAT subject always to the Companies Act, 1965 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Malaysia 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 and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up ordinary share capital of the Company for the time being quoted on Bursa Malaysia.
- (ii) an amount not exceeding the total audited retained profits of the Company of RM30,772,000 and/or audited share premium reserves of the Company of RM57,251,000 as at 31 December 2007, be allocated by the Company for the Proposed Share Buy-Back.
- (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 the Bursa Malaysia or subsequently cancelled.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and things to give effect to the Proposed Share Buy-Back 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 occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Malaysia or any other relevant authorities.

## Notice Of Annual General Meeting (Cont'd)

AND FURTHER THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia, and all other relevant governmental and/or regulatory authorities."

**(Ordinary Resolution 11)**

13. To transact any other business of which due notice shall have been given.

By Order of the Board

**HENG LEE PING (MAICSA 7039896)**

Secretary

Seri Kembangan, Selangor Darul Ehsan

4 June 2008

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more 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 without limitation and the provisions of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
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. The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 8th Floor, Block A, The Mines Waterfront Business Park, No. 3, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the meeting should the member subsequently wish to do so.

## Notice Of Annual General Meeting (Cont'd)

### Explanatory Notes to Special Business:

1. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to allot and issue shares in the capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This is to avoid any delay and cost in convening a general meeting to obtain shareholders approval for such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.
2. The proposed Ordinary Resolution 10, if passed, will allow the Company and/or of its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature in the ordinary course of its business as set out in the Circular to Shareholders dated 4 June 2008 with the Related Parties mentioned therein which are necessary for the Group's day to day operations. The shareholders' mandate is subject to renewal on an annual basis.
3. The proposed Ordinary Resolution 11, if passed, will empower the Directors of the Company to purchase the Company's shares of up to ten percent (10%) of the issued and paid-up share capital of the Company for the time being quoted on Bursa Malaysia by utilizing the funds allocated which shall not exceed the total retained profits and/or share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

# Statement Accompanying Notice Of Annual General Meeting

## **Details of Directors standing for re-election/re-appointment are as follows:**

The Directors who are standing for re-election/re-appointment at the Twenty-Fourth Annual General Meeting are as follows:

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)

Academician Tan Sri Datuk Dr. Ong Soon Hock

Mr. Mark Victor Rozario

Encik Nik Hassan Bin Nik Mohd Amin

Mr. Chew Chong Eu

Mr. Chew Cheng Keat

The details of General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd), Academician Tan Sri Datuk Dr. Ong Soon Hock, Mr. Mark Victor Rozario, Encik Nik Hassan Bin Nik Mohd Amin, Mr. Chew Chong Eu and Mr. Chew Cheng Keat are disclosed on pages 4 to 8 of the Annual Report, and their shareholdings information are listed on page 163 of the Annual Report.



22 May 2008

The Board of Directors  
**Country Heights Holdings Berhad**  
8th Floor, Block A, The Mines Waterfront Business Park  
No. 3 Jalan Tasik, The Mines Resort City  
43300 Seri Kembangan, Selangor Darul Ehsan

Dear Sirs,

**NOTICE OF NOMINATION OF AUDITORS**

Pursuant to Section 172(11) of the Companies Act, 1965, we, being a registered shareholder of Country Heights Holdings Berhad, hereby nominate Messrs Deloitte KassimChan for appointment as new Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young at the forthcoming Annual General Meeting.

Therefore, we propose that the following resolution be considered at the forthcoming Annual General Meeting:-

"That Messrs Deloitte KassimChan be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and Auditors."

Thank you.

Yours faithfully,  
For and on behalf of  
**GOLDEN TOUCH VENTURE SDN. BHD.**

**LEE KIM HEONG**  
Director

**GOLDEN TOUCH VENTURE SDN. BHD. 87340-X**

9<sup>TH</sup> Floor, Block A, The Mines Waterfront Business Park, No 3 Jalan Tasik  
The Mines Resort City, 43300 Seri Kembangan, Selangor, Malaysia





Country Heights Holdings Berhad  
119416-K

No. of ordinary shares held

## PROXY FORM

I / We \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Country Heights Holdings Berhad hereby appoint \_\_\_\_\_

NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_

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 Twenty-Fourth Annual General Meeting of the Company to be held at Unity 1, Lower Ground Level, Palace of the Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 26 June 2008 at 11.30 a.m., and any adjournment thereof.

### AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.		
<b>Ordinary Resolutions</b>		<b>For</b>	<b>Against</b>
2.	To approve the payment of Directors' fees (Resolution 1)		
3.	To re-elect the following Directors:- (i) Mr. Mark Victor Rozario (Resolution 2) (ii) En Nik Hassan Bin Nik Mohd Amin (Resolution 3) (iii) Mr. Chew Chong Eu (Resolution 4) (iv) Mr. Chew Cheng Keat (Resolution 5)		
4.	To re-appoint General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) as Director (Resolution 6)		
5.	To re-appoint Academician Tan Sri Datuk Dr. Ong Soon Hock as Director (Resolution 7)		
6.	To appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)		
7.	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 9)		
8.	To approve the Proposed Renewal of General Mandate for Recurrent Related Party Transactions and Proposed New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 10)		
9.	To approve the Proposed Renewal of Authority for the Purchase of its Own Shares by the Company (Resolution 11)		

(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 as he thinks fit, or at his discretion or abstain from voting)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

Signature/Common Seal of Shareholder \_\_\_\_\_

#### Notes :

- A member entitled to attend and vote at the meeting is entitled to appoint one or more 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 without limitation and the provisions of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- If no name is inserted in the space for the name of the proxy, the Chairman of the meeting will act as the proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- The duly completed and signed Form of Proxy must be deposited at the Registered Office of the Company at 8th Floor, Block A, The Mines Waterfront Business Park, No.3, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof. The lodging of the Form of Proxy 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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The Company Secretary  
**Country Heights Holdings Berhad** (119416-K)  
8th Floor, Block A, MINES Waterfront Business Park,  
No 3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan,  
Selangor Darul Ehsan, Malaysia

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# Corporate Directory

## COUNTRY HEIGHTS HOLDINGS BERHAD

8th Floor, Block A, MINES Waterfront Business Park,  
No.3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel : 603-8943 8811  
Fax: 603-8941 1470  
Homepage: [www.countryheights.com.my](http://www.countryheights.com.my)

## Property Development

**DATO' ONG CHONG SEK**, *Chief Executive Officer*

### COUNTRY HEIGHTS PROPERTY DEVELOPMENT BERHAD COUNTRY HEIGHTS eMARKETING SERVICES SDN BHD PECANWOOD RESORT & RESIDENTIAL ESTATE

Ground Floor, Block A, MINES Waterfront Business Park,  
No.3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel : 603-8948 5555  
Fax: 603-8945 1477  
Email: [inquiry@countryheights.com.my](mailto:inquiry@countryheights.com.my)  
Homepage: <http://properties.countryheights.com.my>

## Property Investment

**MS LEE SOW LIN**, *Chief Executive Officer*

### MINES WATERFRONT BUSINESS PARK

Retail 6, Ground Floor, Block D,  
MINES Waterfront Business Park,  
No.3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel : 603-8943 8811  
Fax: 603-8943 1837  
Email: [enquiry@mwbp.mines.com.my](mailto:enquiry@mwbp.mines.com.my)  
Homepage: <http://mwbp.mines.com.my>  
Contact Person: Mr. Vincent Chew, Head of Sales & Marketing

### MALAYSIA INTERNATIONAL EXHIBITION & CONVENTION CENTRE (MIECC)

Ground Floor, MIECC, Jalan Dulang,  
MINES Resort City, 43300 Seri Kembangan,  
Selangor Darul Ehsan  
Tel : 603-8945 2055  
Fax: 603-8945 2155  
Email: [info@miecc.mines.com.my](mailto:info@miecc.mines.com.my)  
Homepage: <http://miecc.mines.com.my>  
Contact Person: Mr. Jason Toh, Senior Manager

## Hospitality, Leisure & Health

**MR. STUART JAMES VENNER PACK**, *Chief Executive Officer*

### PALACE OF THE GOLDEN HORSES

Jalan Kuda Emas, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel : 603-8946 4888  
Fax: 603-8943 2666  
Email: [enquiry@pgh.mines.com.my](mailto:enquiry@pgh.mines.com.my)  
Homepage: [www.palaceofthegoldenhorses.com.my](http://www.palaceofthegoldenhorses.com.my)  
Contact Person: Ms Sally Wong, General Manager

### PALACE BEACH & SPA

Jalan Dulang, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel: 603-8943 6688  
Fax: 603-8943 5555  
Email: [sales@pbs.mines.com.my](mailto:sales@pbs.mines.com.my)  
Homepage: [www.palacebeachandspace.com.my](http://www.palacebeachandspace.com.my)  
Toll-Free Reservations:  
Malaysia : 1 800 88 6018  
Singapore: 800 601 1106  
Contact Person: Ms Sally Wong, General Manager

### BORNEO HIGHLANDS RESORT

Ground & 1st Floor, Lot 11607-11608, Block 16,  
RH Plaza, Lorong Lapangan Terbang 1,  
93250 Kuching, Sarawak  
Tel : 082-577 930 / 578 930  
Fax: 082-576 680  
Email: [enquiry@borneohighlands.com.my](mailto:enquiry@borneohighlands.com.my)  
Homepage: [www.borneohighlands.com.my](http://www.borneohighlands.com.my)  
Contact Person: Mr. Loh Leh Ching, Chief Executive Officer

### PALACE VACATION CLUB

c/o MINES Marketing Sdn Bhd  
10th Floor, Block C, MINES Waterfront Business Park,  
No.3, Jalan Tasik, MINES Resort City,  
43300 Seri Kembangan, Selangor Darul Ehsan  
Tel : 603-8941 1888  
Fax: 603-8945 3320  
Email: [enquiries@palacevacationclub.com](mailto:enquiries@palacevacationclub.com)  
Homepage: [www.palacevacationclub.com](http://www.palacevacationclub.com)  
Contact Person: Mr. Ricky Yip, General Manager

### COUNTRY HEIGHTS HEALTH TOURISM SDN BHD

Lower Ground Floor, East Wing, Palace of the Golden Horses,  
Jalan Kuda Emas, MINES Resort City, 43300 Seri Kembangan,  
Selangor Darul Ehsan  
Tel : 603-8941 5833  
Fax: 603-8941 6163  
Email: [enquiry.hs@ghhs.com.my](mailto:enquiry.hs@ghhs.com.my)  
Homepage: [www.ghhs.com.my](http://www.ghhs.com.my)  
Contact Person: Ms Candy Yap, Executive Director



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

**Country Heights Holdings Berhad 119416-K**

8th Floor, Block A, MINES Waterfront Business Park  
3, Jalan Tasik, MINES Resort City, 43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel: 03-8943 8811 Fax: 03-8941 1470