

Ever-Searching for Better Living

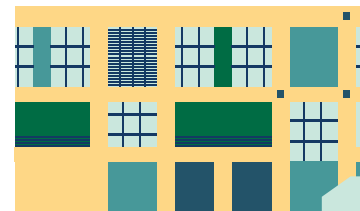


绿野集团

Country Heights Holdings Berhad

[Registration No.198401006901 (119416-K)]





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Corporate Directory



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



OUR VISION

Ever Searching for Better Living!

OUR MISSION

It's All About Meaningful Innovative Creations!

OUR VALUES

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

love

quality

style

nature

excellence

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Ong Tee Chin / Independent Non-Executive Director

Chew Chong Eu / Independent Non-Executive Director

Lee Sow Lin / Executive Director

Lee Thai Young Matahari / Executive Director

Yip Chun Mun / Executive Director

Chong Khing Chung / Independent Non-Executive Director

Hor Siew Leong / Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Ong Tee Chin
Chairman

Chew Chong Eu
Lee Cheng Wen

NOMINATION & REMUNERATION COMMITTEE

Chew Chong Eu
Chairman

Ong Tee Chin
Lee Cheng Wen

COMPANY SECRETARIES

Ong Lu See
(LS 0006228) (SSM Practising
Certificate No : 201908001450)

Fan Kah Seong
(MIA 8584) (SSM Practising
Certificate No : 202008003845)

REGISTERED OFFICE

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

REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
Bank of China (Malaysia) Berhad
Malaysia Building Society Berhad
Bank Pembangunan Malaysia Berhad

SOLICITORS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

WEBSITE

www.countryheights.com.my

CORPORATE STRUCTURE

Ever Searching for Better Living

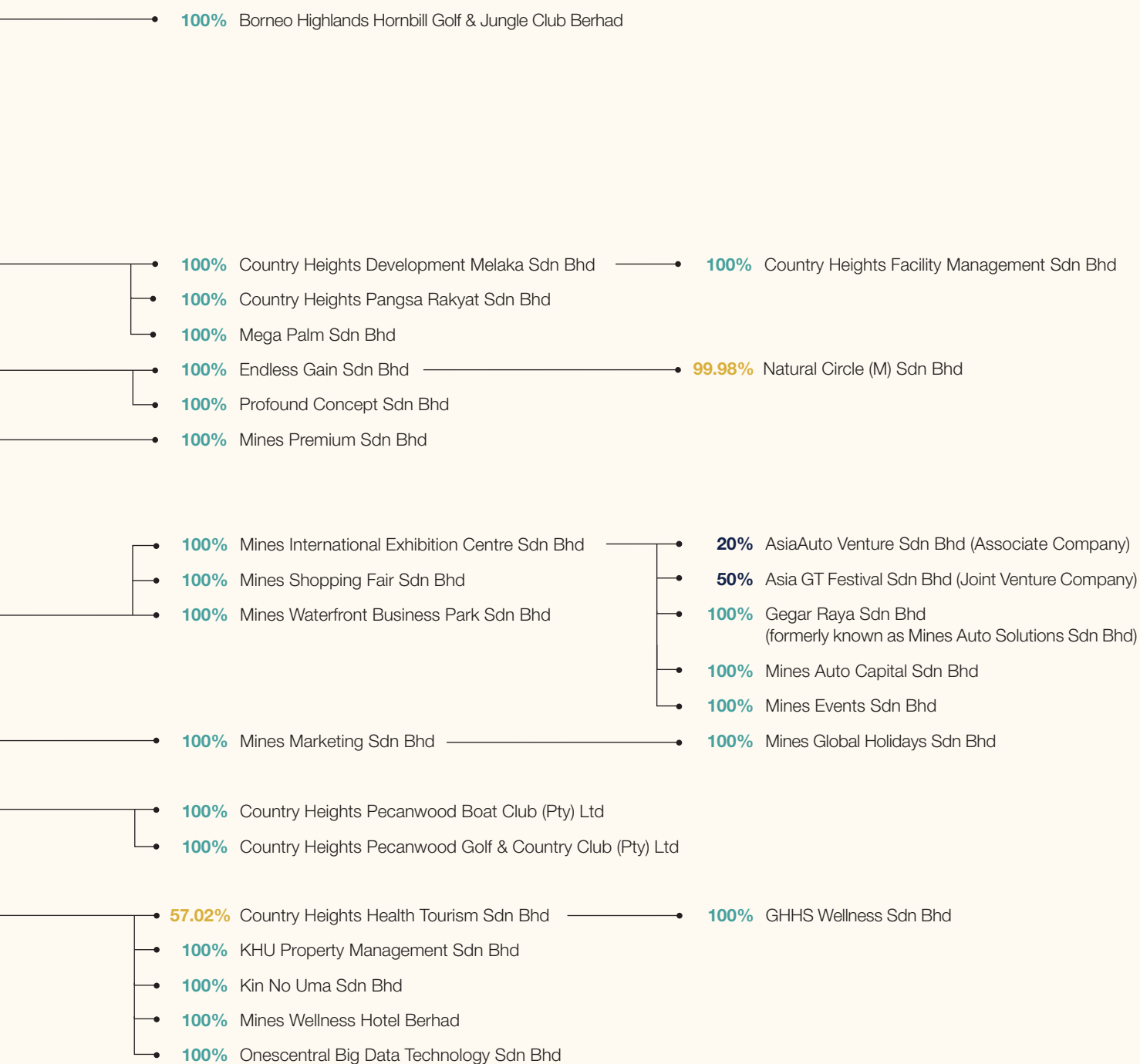


Country Heights Holdings Berhad

[Registration No.198401006901 (119416-K)]

- **70%** Borneo Heights Sdn Bhd
- 100%** College Heights Utara Sdn Bhd
- 100%** Country Heights Commercial Development Sdn Bhd
- 100%** Country Heights Development Sdn Bhd
- 100%** Country Heights eMarketing Services Sdn Bhd
- 100%** Country Heights Global Ltd
- 100%** Country Heights Industries Sdn Bhd
- 100%** Country Heights Properties Sdn Bhd
- 100%** Country Heights Property Development Berhad
- 100%** Country Heights Resorts & Leisure Sdn Bhd
- 100%** Country Heights Resources Management (M) Sdn Bhd
- 100%** Country Heights Sdn Bhd
- 100%** Country Heights Sea Resort Sdn Bhd
- 100%** Country Heights W.T.C. Sdn Bhd
- 100%** Grand Wellness Hub Sdn Bhd
- 81%** Golden Horse Palace Berhad
- 100%** Hasil Cermat Sdn Bhd
- 100%** Magnitude Knight (M) Sdn Bhd
- 100%** Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd
- 60%** Mines Global Holidays & Travel Sdn Bhd
- 100%** Mines Holdings Sdn Bhd
- 47.50%** Simplex Design Sdn Bhd (Associate Company)
- 69%** Stallion Management Sdn Bhd
- 100%** Tadika Sri Moral Sdn Bhd
- 100%** Tindak Murni Sdn Bhd
- 100%** Versatile Champion Sdn Bhd
- 100%** Walum Enterprise Sdn Bhd

CORPORATE STRUCTURE



FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	92,211	90,636	93,575	87,358	124,236
(Loss)/Profit before tax	(38,523)	104,937	413	(53,755)	(8,109)
(Loss)/Profit after tax	(39,341)	84,328	(2,352)	(54,574)	(9,231)
Net (Loss)/Profit Attributable to Shareholders	(34,600)	86,653	(2,624)	(48,521)	(8,612)
Total Assets	1,389,982	1,392,236	1,274,108	1,275,323	1,343,953
Total Liabilities	553,802	517,039	480,660	478,228	492,473
Share Capital net of treasury shares RM	349,092	349,092	272,793	272,793	275,707
Share Capital net of treasury shares unit	273,557	273,557	273,557	273,557	275,707
Reserves	472,828	507,273	423,814	504,188	552,830
Shareholders' Funds	821,920	856,365	772,906	776,981	825,623
Basic Earnings/(Loss) Per Share (sen)	(12.68)	31.77	(0.95)	(17.79)	(3.12)
Net Assets Per Share (RM)	3.00	3.13	2.83	2.84	3.02
Return on Total Assets (%)	(2.49)	6.22	(0.20)	(3.80)	(0.64)
Return on Equity (%)	(4.21)	10.12	(0.33)	(6.24)	(1.04)
Gearing (Net Debt/Equity)	0.25	0.25	0.27	0.25	0.20
Total borrowing	217,767	224,931	229,262	213,829	194,683
Cash	(12,744)	(11,766)	(16,167)	(12,856)	(20,806)
Net borrowing	205,023	213,165	213,095	200,973	173,877
Total equity	836,180	875,197	793,448	797,095	851,480
Ratio	0.25	0.25	0.27	0.25	0.20

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

REVENUE (RM'000)

RM92,211

92,211
201990,636
201893,575
201787,358
2016124,236
2015PROFIT/(LOSS)
BEFORE TAX (RM'000)

-RM38,523

(38,523)
2019104,937
2018413
2017(53,755)
2016(8,109)
2015SHAREHOLDERS' FUNDS
(RM'000)

RM821,920

821,920
2019856,365
2018772,906
2017776,981
2016825,623
2015BASIC EARNINGS/(LOSS)
PER SHARE (SEN)

-12.68SEN

(12.68)
201931.77
2018(0.95)
2017(17.79)
2016(3.12)
2015NET ASSETS PER SHARE
(RM'000)

RM3.00

3.00
20193.13
20182.83
20172.84
20163.02
2015

RETURN ON EQUITY (%)

-4.21%

(4.21)
201910.12
2018(0.33)
2017(6.24)
2016(1.04)
2015

PROFILE OF BOARD OF DIRECTORS



YBHG TAN SRI LEE KIM TIONG @ LEE KIM YEW

Executive Chairman,
Non-Independent Executive Director

Nationality	Gender	Age
Malaysian	Male	65

YBhg Tan Sri Lee Kim Tiong @ Lee Kim Yew (“Tan Sri Lee”), the founder of Country Heights Holdings Berhad (“CHHB”), was first appointed to the Board on 1 October 1986. He was re-designated as the Chairman on 2 June 2016 and subsequently, re-designated as the Executive Chairman on 1 October 2016.

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

Tan Sri Lee has magnificently transformed one of the world’s largest open cast tin mines into a flagship development that houses Palace of the Golden Horses, Mines Wellness Hotel, Mines Waterfront Business Park, Mines International Exhibition & Convention Centre, Mines Wonderland and Mines Resort & Golf Club or better known as ‘Mines Wellness City’. The Mines Wellness City has earned the National Creativity & Innovation Award by the Malaysian Design Technology Centre in 2004.

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

In 2014, Tan Sri Lee was appointed as Advisor to CHHB and its Group of Companies to provide advisory service on the Group’s strategic business development, a post which he had resigned from following his appointment as the Executive Chairman of CHHB.

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

Tan Sri Lee is the father of Ms Lee Cheng Wen, the Deputy Chairman of CHHB, and Mr Lee Thai Young Matahari, an Executive Director of CHHB.

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

Save as disclosed above, Tan Sri Lee does not have any other conflict of interest with the Company or any family relationship with any other Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MS LEE CHENG WEN

Deputy Chairman,
Non-Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Female	34

Ms Lee Cheng Wen (“Ms Dianna Lee”) was appointed to the Board on 1 October 2009 and was the Group Chief Executive Officer since 21 June 2011 until she was re-designated as the Deputy Chairman of Country Heights Holdings Berhad (“CHHB”) on 1 October 2016. She is a member of the Audit & Risk Management Committee and the Nomination & Remuneration Committee.

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

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

Under Ms Dianna Lee’s portfolio, the Hospitality and Health Division became the second major revenue contributor in CHHB. In line with the CHHB’s vision of ‘*Ever Searching for Better Living*’, she has also spearheaded the project to transform Mines Resort City into Mines Wellness City, an innovative enhancement on the Group’s flagship project.

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

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

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

Ms Dianna Lee also sits on the Boards of Golden Horse Palace Berhad, Mines Wellness Hotel Berhad and Borneo Highlands Hornbill Golf & Jungle Club Berhad. She is also a Director of several private companies and has no directorship in other public listed companies.

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

Save as disclosed above, Ms Dianna Lee does not have any other conflict of interest with the Company or any family relationship with any other Directors and/or Major Shareholders of the Company. She has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR ONG TEE CHIN

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	56

Mr Ong Tee Chin ("Mr Ong") was appointed to the Board on 20 September 2017 as an Independent Non-Executive Director. He is the Chairman of the Audit & Risk Management Committee and a member of the Nomination & Remuneration Committee.

Mr Ong graduated with a Bachelor of Pharmacy from University of Science, Malaysia and a Bachelor of Laws from the University of London, United Kingdom.

Mr Ong is a CFA® charterholder and a certified Financial Risk Manager awarded by the Global Association of Risk Professionals. He is a Chartered Accountant, member of Malaysian Institute of Accountants, Association of Chartered Certified Accountants ("ACCA"), Chartered Institute of Management Accountants and a graduate member of Malaysian Institute of Certified Public Accountants. He was also the prize winner for Advance Taxation, Malaysian variant conducted by ACCA in December 2002. He also holds a Capital Markets Services Representative's Licence from the Securities Commission Malaysia to provide advisory work on corporate finance.

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

Mr Ong is a Director and shareholder of Asia Equity Research Sdn Bhd, a company specialising in providing advisory in corporate finance and investment advice. He has no directorship in other public listed companies.

Mr Ong does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR CHEW CHONG EU

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	58

Mr Chew Chong Eu (“Mr Chew”) was appointed to the Board on 29 April 2008 as an Independent Non-Executive Director. He is the Chairman of the Nomination & Remuneration Committee and a member of the Audit & Risk Management Committee.

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

Mr Chew has nearly 40 years of experience in insolvency and financial rescue in Malaysia and Australia. He is also actively involved in providing professional advice to various Australian companies looking to invest in Asia and vice-versa. In addition, he has experience in audit, tax, and management consultancy services. His industry experience includes hotel and tourism, transportation, printing and manufacturing, retail and property development.

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

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

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

Mr Chew has no directorship in other public listed companies.

Mr Chew does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MS LEE SOW LIN

Executive Director

Nationality	Gender	Age
Malaysian	Female	60

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

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

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

During Ms Michele Lee's directorship tenure in CHHB from 2004 to 2008, she was responsible in steering the restructuring of certain debts of the Group, namely the Cumulative Redeemable Preference Shares which involved the issuance of Redeemable Convertible Secured Loans Stock (“RCSLS Series A & B”). She was also instrumental in getting CapitalLand Singapore to purchase the Mines Shopping Mall for the settlement of the RCSLS Series A & B.

In Ms Michele Lee's current position as an Executive Director of CHHB, she is responsible to oversee the Group's corporate exercises and assist the Executive Chairman to oversee the Group's overall management. She also helps to liaise with bankers, stakeholders (including potential investors) and oversee the strategic business alliances of the Group.

Ms Michele Lee has no directorship in other public listed companies.

Ms Michele Lee does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. She has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR LEE THAI YOUNG MATAHARI

Executive Director

Nationality	Gender	Age
Malaysian	Male	29

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

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

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

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

Mr Matahari Lee also sits on the Boards of several private companies. He has no directorship in other public listed companies.

Mr Matahari Lee is the son of Tan Sri Lee, the Executive Chairman of CHHB and the brother of Ms Lee Cheng Wen, the Deputy Chairman of CHHB. 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.

Save as disclosed above, Mr Matahari Lee does not have any other conflict of interest with the Company or any family relationship with any other Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR YIP CHUN MUN

Executive Director

Nationality	Gender	Age
Malaysian	Male	57

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

Mr Ricky Yip holds a Bachelor's Degree in Administrative Studies from York University, Canada. He is currently the Executive Director of Palace of the Golden Horses and GHHS Healthcare, GHHS Chinese Medical Centre and Yunohana Wellness & Spa. He is formally the Chief Executive Officer of Palace Vacation Club and Mines Global Holidays Sdn Bhd (inbound travel agency).

Mr Ricky Yip was the former Chairman of the Malaysian Holiday Timeshare Developers' Federation. He has over 30 years of experience in the Malaysian timeshare industry. Mr Ricky Yip started Mines Marketing Sdn Bhd, a marketing agency for Country Heights Group in January 1999 as a Director and General Manager and has since marketed a variety of memberships and property products for Country Heights Group, including GHHS Health United, Palace Vacation Club, Mines Golf membership, Hornbill Golf membership, Dignitaries Club and Heritage Serviced Residences. To date, he has recruited more than 40,000 members for these memberships and generated over RM1 billion of sales revenue.

Mr Ricky Yip's other accomplishments include conceptualising and marketing the first in Malaysia oil palm farm sharing investment scheme to more than 10,000 investors and generated an investment fund of over RM200 million. He had previously marketed and led the Sales and Marketing Division of Palace of the Golden Horses, Mines Wellness Hotel and Borneo Highlands Resort. On the tourism business, he has developed and marketed tourism products for golf, education programme, property tourism, Malaysia My Second Home programme, and medical tourism packages specifically targeted at the Middle East, China, Korea, Vietnam and Indonesia markets.

Mr Ricky Yip also sits on the Boards of Golden Horse Palace Berhad, Mines Excellence Golf Resort Berhad and several private companies. He has no directorship in other public listed companies.

Mr Ricky Yip does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR CHONG KHING CHUNG

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	53

Mr Chong Khing Chung (“Mr Chong”) was appointed to the Board on 11 July 2019 as an Independent Non-Executive Director.

Mr Chong graduated with a Bachelor of Commerce Degree from University of Western Australia, Australia. He is a Fellow Member of Certified Practising Accountant Australia, and a Chartered Member of Malaysian Institute of Accountants.

Mr Chong spent the early part of his career in the accountancy profession. He later worked in the capital market industry holding various positions, including as the Executive Director of a stockbroking company in Sabah. Later on, he held various senior management positions, including as Executive Director, Finance Director and Chief Financial Officer of numerous public listed companies based in Malaysia, Singapore, Hong Kong and the United Kingdom.

Mr Chong also sits on the Board of Wullersdorf Resources Sdn Bhd (a wholly-owned subsidiary of Bahvest Resources Berhad) and Anzo Holdings Berhad. He has no directorship in other public listed companies.

Mr Chong does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

PROFILE OF BOARD OF DIRECTORS



MR HOR SIEW LEONG

Independent Non-Executive Director

Nationality	Gender	Age
Malaysian	Male	51

Mr Hor Siew Leong ("Mr Kelvin Hor") was appointed to the Board on 11 July 2019 as an Independent Non-Executive Director.

Mr Kelvin Hor graduated with a Diploma in Electronics Engineering from Linton Technology College, Malaysia and he is currently pursuing the Industrial Engineering at National Productivity Board, Singapore.

Mr Kelvin Hor has more than 20 years of experience in managing Profit and Loss Account, Operations Management and Leadership in business and manufacturing environments, as well as plants with as many as 2,500 personnel. He is a strong champion of Lean Manufacturing and Six Sigma Culture within USD50 million and USD100 million operational setups and could drive continuous improvements throughout the organisations. He also possesses the skills in utilising performance metrics to accurately gauge the health of an organisation and pinpoint areas for enhancement.

Mr Kelvin Hor started his career as an Engineer with JVC Electronics Pte Ltd from 1989 to 1995 where he was involved in the productivity and quality improvement project, performing total calibration on equipment and instruments and maintaining the company's ISO 9002 standards. He moved on to helm several business and operational management functions with Kamaya Electric/ Mitsubishi Materials Group, HI-P International Limited for ten years and three years respectively. Subsequently, he was the Operations Director of Stellar Films (Malaysia) Sdn Bhd/ Cardiabioplastics (Malaysia) Sdn Bhd for the next ten years before he assumes his current job.

Mr Kelvin Hor is currently the Chief Operating Officer at MBits Digital Sdn Bhd where he designs and implements business operation strategies, leads employees to maximum performance and assists its Chief Executive Officer in fund raising ventures, besides ensuring that the company would grow as the first Malaysian Data Bank.

Mr Kelvin Hor has no directorship in other public listed companies.

Mr Kelvin Hor does not have any conflict of interest with the Company or any family relationship with any Directors and/or Major Shareholders of the Company. He has not been convicted for offences within the past five years other than traffic offences, if any, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2019.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors (the “Board”), I am pleased to present the Annual Report and Audited Financial Statements of Country Heights Holding Berhad (“CHHB” or the “Group”) for the financial year ended 31 December 2019 (“FY2019”).

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





For 2019, the Group's revenue posted an improvement from RM90.64 million for the year 2018 to RM92.21 million in for the year 2019. The increase was derived from the improved performances of Grand Wellness Hub and Mines Car City Centre Division.

It is my firm belief that leadership with good governance can ensures the company is equipped to handle risks and overcome trials to succeed in challenging times. Hence, when I took over this executive chairman post in 2016, I have started some transformation and strategic changes towards corporate recovery to transform the Group to be a stronger corporation.

Financial statement

For 2019, the Group's revenue posted an improvement from RM90.64 million for the year 2018 to RM92.21 million in for the year 2019. The increase was derived from the improved performances of Grand Wellness Hub and Mines Car City Centre Division.

The Group recorded a loss before tax of RM38.5 million for the year todate as compared to a profit before tax of RM104.9 million in the same period for the year 2018.

As of 31 December 2019, total assets of the Group stood at RM1,389.98 million while total equity attributable to shareholders stood at RM836.20 million, a decrease of 4.4% compared to previous year of RM875.20 million.

The Group's gearing (measured as a percentage of total net debts over total equity capitals) similar with previous year RM0.25 sen.

CHAIRMAN'S MESSAGE

The creation of The Mines Car City Centre is to provide an ecosystem that synergize synergies with the automotive industry via existing facilities and assets to develop the automotive lifestyle events in Malaysia and the surrounding regions.

Prospects of CHHB

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

Here are the milestones in the year of 2019:

The creation of The Mines Car City Centre is to provide an ecosystem that synergize synergies with the automotive industry via existing facilities and assets to develop the automotive lifestyle events in Malaysia and the surrounding regions. In 2019, Mines Car City Centre successfully hosted its first Asia GT Festival in March

2019 at Sepang International Circuit (SIC). This partnership with Goldenport China was the first event successfully held outside of China and is a precursor to a five-year agreement between Country Heights and Goldenport China. This event will be on SIC's motorsports calendar for the duration of the agreement.

For the Grand Wellness Hub, our new development on 'Prevention is better than cure' business will be a convergence of three different projects including a wellness centre, shopping mall and serviced apartments in Mines Wellness City. With a total of 2 million sq ft space and a gross development value of RM1.5 billion, this will change the face of medical and wellness tourism as well. The Grand Wellness Hub is planning a joint venture to develop Retirement Residences service apartments to provide comfortable living spaces for retirees.



CHAIRMAN'S MESSAGE



In the year 2019, Palace of the Golden Horses was named as Best MICE Award 2019 from Malaysia Tourism Council Award.

Resorts and Hospitality Division comprises of three international award-winning brands namely Palace of the Golden Horses, Borneo Highlands Resort and Palace Vacation Club. In the year 2019, Palace of the Golden Horses was named as Best MICE Award 2019 from Malaysia Tourism Council Award. For the year 2020 onwards, we are gearing towards wellness membership concept for resorts and hospitality division.

Palace Vacation Club received a recognition awards from RCI, the world largest resort exchange company for RCI Champion of the Year and Outstanding Service Award for year 2019. Palace Vacation Club remained as one of the leading timeshare companies in Malaysia with 65 internal affiliation resorts located at United Kingdom, USA, Australia, Spain, Turkey, China, India, Indonesia, Thailand, and Philippines. Through our affiliation with RCI, the world's largest resort exchange company, members can access to 4,300 resorts worldwide in over 110 countries. Our new affiliation resorts are located at Gujarat and Shimla, India, and few new ones in Kuala Lumpur city center.

The Cheng Ho Islamic Finance and Trade Centre project is inspired by the legendary Admiral Cheng Ho, a devout Chinese Muslim famed for his 7 expedition around the world during the 14th century. Malacca was Admiral Cheng Ho's regular port of call and trade from East to West via the Straits of Malacca, commonly known as the Maritime Silk Route renowned for silk trade, tea, and China porcelain. This development is mooted based on the China "One Belt One Road" concept. Cheng Ho Islamic Trade and Financial Centre will be nestled on 62 acres of land in Malacca with the new highway and railway track running alongside it which will make this development highly desirable and strategic. With strategic partnership with China's 'One Belt One Road' initiative, this future epicenter of Islamic trade and finance projects with a GDV of RM1.3 billion, will be creating job opportunities and attracting Islamic financial technology companies, Insuretech, Halal Logistics, Haji & Umrah, Islamic Tourism, pharmaceuticals and related industries. It is positioned to be the world's 1st Shariah-attested blockchain development strategically poised to tap into the RM5.8 trillion economies by year 2022.

CHAIRMAN'S MESSAGE

The Group is set to continue transforming the companies on the big data management, digital innovation – 'IoT – 'Internet of Things'.

On Property division the Group has plenty of land banks for future property development purposes, but we still intend to source for more land banks in the market. In its next phase of expansion, we are working to create urban spaces that sets new standards in both property investment and development, scoring high on the liveability index. We are currently sourcing for prominent strategic partners for the potential joint venture developments.

The Group is set to continue transforming the companies on the big data management, digital innovation – 'IoT – 'Internet of Things'. This direction is made to remain competitive in broadening our engagements with clients, partners, and customers to have more insights into what they need and want.

In conclusion, 2019 has been a year where we have continued to make progress in the face of a number of headwinds. There is no doubt that the world is facing a period of greater geo-political risk and companies need to be robust.

The Board takes its responsibilities very seriously, to ensure that we perform financially, strategically, and ethically against this changing and challenging environment. We thank you for your continued support and look forward to serving you in 2020.

I seek your support as we embark on this journey.

Yours sincerely,

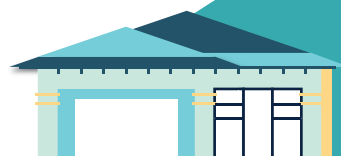
Tan Sri Lee Kim Tiong @ Lee Kim Yew
Executive Chairman and Founder of CHHB





refreshing lifestyles in

CLOSE-KNIT



COMMUNITIES

We are passionate about developing meaning and innovative creations. Consequently, we are renowned for establishing excellent communities that offer exciting lifestyles. Inspired by our motto '**Ever Searching for Better Living**', we are constantly delighting our customers with property developments that set new trends.





MANAGEMENT DISCUSSION & ANALYSIS

GROUP BUSINESS AND OPERATIONS

Country Heights Holdings Berhad has strived for 'Ever Searching for Better Living'. A motto and brand purpose that aptly describes its founder Tan Sri Dato' Paduka Lee Kim Yew's vision of creating Malaysia's pioneering property development led conglomerate in the areas of Hospitality, Wellness, Lifestyle, Tourism, Automotive and Investments.

Driven by its 'Ever Searching for Better Living' mission the Group in 2018 has embarked upon an ambitious mission of transforming the Malaysian landscape with five marquee initiatives.

In addition, the Group in line with its ambition to continuously innovate for the digital world, is foraying into more digital technology enabled lifestyle enhancement platforms from deploying Smarter Living innovations, to adopting smarter payment solutions.

We are rapidly expanding our company key broad spectrum of industries.

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

Financial Performance

REVENUE (%)

2%



NET (LOSS)/PROFIT (%)

-147%



The CHHB Group's total revenue for the year 2019 increased from RM90.64 million to RM92.21 million. It is mainly due to improved performances of Grand Wellness Hub and Mines Car City Centre Division.

The CHHB Group recorded a loss before tax of RM38.52 million for the year 2019 as compared to a profit before tax of RM104.94 million in the preceding year.

For the year 2019, Grand Wellness Hub, Resort and Hospitality Division and Mines Car City Centre Division contributed RM32.29 million, RM36.06 million and RM13.07 million respectively to the CHHB Group's total revenue.

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

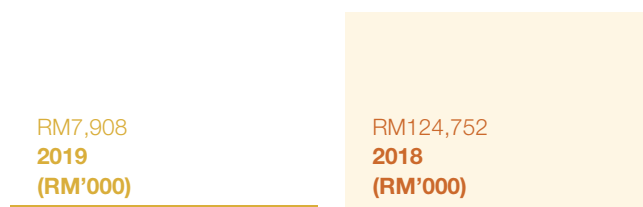
REVENUE (%)

14%



NET (LOSS)/PROFIT (%)

-93%



The revenue contributed by the Grand Wellness Hub Division for the year 2019 was RM 32.29 million as compared to RM28.22 million in 2018.

The Division recorded a segment profit of RM7.91 million in the year 2019 as compared to RM124.75 million in the year 2018.

MANAGEMENT DISCUSSION & ANALYSIS

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

Grand Wellness Hub

The Grand Wellness Hub reflects the Group and Malaysia's vision of emerging as the preferred holistic wellness destination in the South East Asian region.

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



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

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

This integrated urban Healthcare and Wellness hub spreads across over 2 million sq. ft. with an estimated GDV of RM1.5 billion. The Grand Wellness Hub offers investment opportunities across 13 key categories involving Medical and Wellness operations.

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS

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

WELLNESS TOURISM

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

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

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

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

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

GHHS Healthcare & Traditional Chinese Medical

The centre known as GHHS Healthcare advocates "Prevention Is Better than Cure", and the first in Malaysia's Preventive Healthcare Concept that offers Western Medical Screening Technology and Integrated Wellness Treatment with Traditional Chinese Medicine, Modern European Wellness, German Swiss Regenerative Medicine and Japanese Wellness & Korean Beauty. GHHS Healthcare has been increasing its services and packages for international health tourists through packages for health or wellness tourism to enhance rejuvenation, beauty, and anti-aging.

With professional expertise and highly sophisticated diagnostic equipment, GHHS Healthcare is able to provide 30,000 members with the best care and technology available. GHHS Healthcare has conducted over 18,000 medical screening tests in 2019. Since inception, we have conducted over 150,000 checkups with our 70,000 patient's health abnormalities detected including cancer. It has a high members satisfaction rate above 90%.



MANAGEMENT DISCUSSION & ANALYSIS



Milestones

A. Medical Screening – Specialist Clinic

1. GHHS Healthcare offers specialist consultant for Diabetes Mellitus, at a Kidney Disease and Cancer Management Clinic. This treatment recommends Cupping Therapy, Acupuncture, Detoxification and Diet Modification that can reverse patient that has diabetes and kidney disease (CKD).
2. In collaboration with St. Stamford Modern Cancer Hospital Guangzhou. Cancer patients will be sent to Modern Cancer Hospital Guangzhou in China for treatment. GHHS Healthcare's Traditional Chinese Medicine (TCM) Centre will be providing Cancer rehabilitation management care for patients.
3. In collaboration with Eye Specialist and Digital Retinal Imaging for a complete eye imaging test for GHHS Healthcare members.
4. Established GHHS Cardiologist Clinic with heart check-ups and echocardiogram as the latest diagnostic service.
5. Upgrading of regular pap smear to liquid base cytology, a new technique of cervical cell collection with HPV Genetic Test for Cervical cancer.
6. Urea Breath Test has been added in GHHS Preventive Clinic as a new test to detect H-Pylori infection that can cause stomach cancer and ulcers.
7. New G-BRCA+ Genetic Screening Tests. This test can screen patient's DNA for markers that are linked to inherited risk factors for breast and ovarian cancers. Introduction of DNA Test for G-child, G-gardia, G-cardio META, G-onco, G-corporate, G-wellness and G-pharma.

B. Integrated Wellness & Rejuvenation

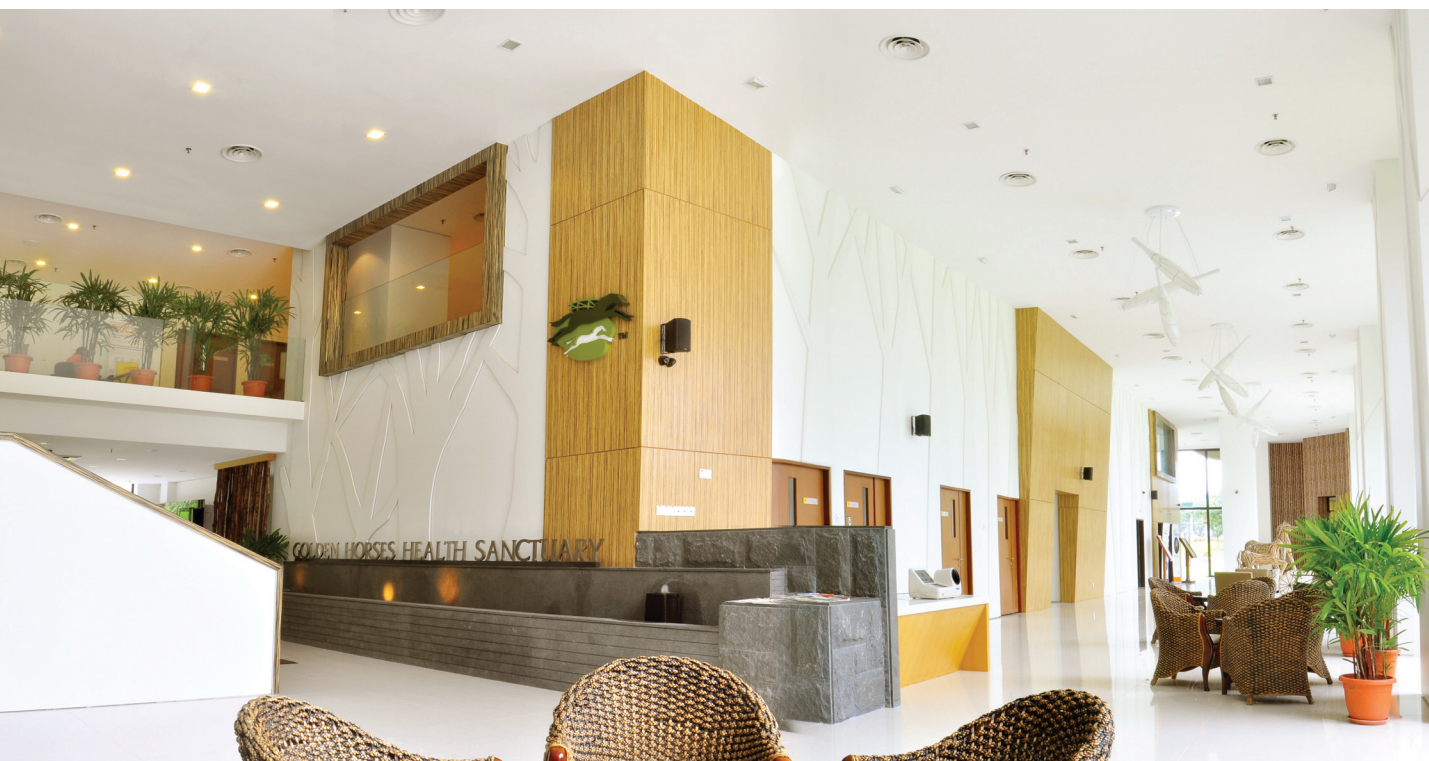
1. Joint venture with European Wellness Retreat to offer a portfolio of revitalization therapies, interventions, anti-aging, aesthetics products and treatments at GHHS Wellness Centre. Incorporating the 5 vital steps towards total wellness concept:



2. Introduction of a full range of Rejuvenation such as Yunohana Antioxidant Slimming & Detox programme; Body Scrub and Mask; Herbal Body Compress Ball; and Lymphatic Tuina at GHHS Wellness centre.
3. Introduction of a new beauty services and products by advance Korean Technology such as Thermal Suction Ultra Vital Face Lifting; special use of Caviar Active Cream, CQ10 and peptide to increase skin elasticity; face lifting and remove knotted muscle.
4. Pre and Post Natal Care and Pediatric Care are introduced in GHHS Chinese Medical Centre with new and special techniques from China.



MANAGEMENT DISCUSSION & ANALYSIS



C. Health Product and Services

1. GHHS Healthcare & Modern Cancer Hospital Guangzhuo had initiated the CSR programme by forming the Anti-Cancer & Rehabilitation Club in November 2019. The objective is to create awareness and to promote prevention is better than cure and the importance of yearly checkup. It is a platform to provide information, knowledge, activities, medical expert advice, facilities related to integrated western medicine, Chinese medicine and natural therapy for cancer prevention, rehabilitation, and treatment.
2. Introduction of Ling Zhi capsules from GHHS Chinese Medical Centre promotes for enhancement of body immunity system. It cures sickness related to cardiac and brain vessels, the digestive system, neural system, endocrine system, respiratory system, and locomotor system. In addition, we have introduced an immune-strengthening supplement such as MF3 HMD 2 IN 1 and MF3 PTE from our German Swiss Wellness. The supplement contains minerals and nutrition such as alum inosilicates, chlorella, nigella sativa, coriandrum sativum and tripeptide. A strong immune system can help the body to fight the infection caused by viruses and may speed up the recovery process.
3. For environmentally friendly purposes, GHHS Healthcare is going paperless with the launch of E-CARE as the latest development whereby the previous physical card is replaced by an e-membership card. GHHS Healthcare members can enjoy online booking and payment, view their account and entitlement statements, latest obtain dates and benefits.
4. Liver Health Retreat programme is specially designed by GHHS Healthcare with the combination of Liver Pro Detox with the aim to help those having liver problems and detox of our digestive system.
5. GHHS Chinese Medical Centre has introduced Womb Care and Face Lifting programme through acupuncture treatments and Cupping (Ba Guan) Therapy
6. GHHS Healthcare offered a specially catered new detox and de-stress workshop for a complete cleanse of body, mind and soul that embodied with detox, slimming, anti-aging, yoga and Qi Gong sessions
7. Introduction of Healthmune, a home brand product of GHHS Bio Herbs, helps to improve immune system with prebiotics and probiotics.
8. Herbal daily tea with special formulation from GHHS Chinese Medical Centre for lung detox and liver detox is introduced in GHHS Bio Herbs store.
9. Special rehabilitation program integrated Chinese medical treatment with physiotherapy equipment to provide therapies for physiotherapy spine for scoliosis, degenerative spine, post stroke rehab, senior physical therapy and care, sport injury, and joint & muscle pain.
10. Received the "Best Health and Wellness Program" award from Malaysia Tourism Council in Malaysia Tourism Council Gold Awards 2019.

MANAGEMENT DISCUSSION & ANALYSIS

Resorts and Hospitality Division - "Wellness Hospitality"

REVENUE (%)

7.8%



NET LOSS (%)

-5.35%



The Resorts and Hospitality Division contributed RM36.06 million of the total revenue in 2019 as compared to RM 33.46 million in 2018. Resorts and Hospitality Division comprised of four international award-winning brands namely Palace of the Golden Horses, Philea Mines Beach Resort, Borneo Highlands Resort and Country Heights Resort and Leisure. Through this Division, the CHHB Group continues to offer the best in hospitality, fine and casual dining; leisure, recreational, health and wellness centres; confectionary and fitness.

Palace of the Golden Horses

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

Refurbishment is on-going and measures have been put in place to increase M.I.C.E marketing with more international and local corporate events and promotions. These include international marketing and branding exercises; and working very closely with Ministry of Tourism & Culture and its agencies such as Tourism Malaysia and Tourism Selangor in marketing the hotel.

Palace of the Golden Horses participated in MATTA Fairs in key states, Tourism Selangor local exhibitions and international wedding exhibitions.

- Service improvement programmes – art and culture activities; newly improved gastronomic experience (new menus, engagement with International Chefs and new F&B line-up); monthly carnival programme; inter-connected water taxi services, orchid garden, men grooming product & services; and customers' loyalty programme.
- New online marketing and new strategy to encourage booking via Palace of the Golden Horses internet booking engine.
- Strategic partnerships and collaborations to help stimulate the business and joint branding and marketing efforts.
- New Le Marquee – 613 sqm with a 20-height ceiling and the party playground that can house a maximum of 700 seaters. The Le Marquee offers the views of the MINES South Lake. The beautiful slide will also add to the carnival-like atmosphere. The hotel can offer customers a multi-concept entertainment and dinner dining experience to match their event theme.
- Zebra Showcase and Zebra Sound Studio – new synergy and collaboration to focus on the entertainment and movie industry in Malaysia and globally.



MANAGEMENT DISCUSSION & ANALYSIS



Borneo Highlands Resort

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

In the year 2019, focus was given on the promotional programme such as:

- Hidden Nang Rindok programme with RTM and organised a CSR programme – 40 blind persons walked up from the foot hill to the resort in September with RTM;
- A dedicated TV programme with JUH Raon Sarawak TV; and
- Organised Borneo Highlands Padawan Nature Challenge and Borneo Highlands Ultra Marathon.

Palace Vacation Club

Palace Vacation Club ("PVC") recorded revenue of RM 7.56 million in 2019 as compared to RM 8.07 million in 2018. To strengthen this segment, generation of leads via participation in international and tourists events and exhibitions and appointment of marketing agents in Dubai and Saudi to market this segment and venturing into Middle East countries.

PVC is a membership designed to provide its members the opportunities to enjoy vacations, creating priceless memories at places beyond the regular destinations with freedom of choices available only with a timeshare network. The membership ensures and maintains the affordability and flexibility of family vacations both at local and international destinations.

Milestones

Palace Vacation Club ("PVC") recorded RM 7.56 million in revenue sales for year 2019.

Milestones

- One of the leading timeshare companies in Malaysia with 65 internal and affiliation resorts located at United Kingdom, USA, Australia, Spain, Turkey, China, India, Indonesia, Thailand and Philippines
- Through our affiliation with RCI, the world's largest resort exchange company, members can also access to 4,300 resorts worldwide in over 110 countries
- New affiliation resorts in KL city and India located at Gujarat and Shimla
- Member Services team has successfully processed 11,887 reservations in year 2019
- A total of 303 medical health screening and more than 100 Chinese medical treatment and Wellness packages have been performed by members under the entitlement exchange program
- Palace Vacation Club won recognition awards from RCI on RCI Champion of the Year and Outstanding Service Award for year 2019
- Successfully implemented Online Booking System for more efficient booking and allowing members to access their membership information instantly.

Benefits for members in year 2019 include:

- Free travel data sim card for members who traveled overseas
- Complimentary access plus meals for members during the Asia GT Festival 2019 in Sepang
- Special F & B and Cruise discounts for members at Palace of the Golden Horses

For year 2020, Palace Vacation Club will look into repackaging and enhancing its membership through new technology for better engagement with members and more effective marketing.

MANAGEMENT DISCUSSION & ANALYSIS

Mines Car City Centre

The Mines Car City Centre (“CCC”) is established to create an ecosystem that synergies with the automotive industry via existing facilities and assets to develop the automotive lifestyle events in Malaysia and the surround region. This to provide a platform to accommodate automotive businesses and to make Malaysia as the hub for research and development in South East Asia.

The objectives of the CCC are:

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

The Mines Car City Centre’s loss in the year 2019 has narrowed to contributed RM1.62 million from RM2.23 million loss in the year 2018.

In 2019, Mines Car City Centre successfully hosted its first Asia GT Festival in March 2019 at Sepang International Circuit (SIC). This partnership with Goldenport China was the first event successfully held outside of China is a precursor to a five-year agreement between Country Heights and Goldenport China and it will be on SIC’s motorsports calendar for the duration of the agreement.



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



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

MINES International Exhibition and Convention Centre is currently undergoing infrastructure upgrades to further develop the Mines Car City Centre Concept and to further competitiveness in events and MICE industry. The Management team is also forming new collaborative relationship with existing event organisers to create new events. For examples, the “Gegar Raya Bezaar with Sambil Park”, “Music Entertainment Night with Memories” and “Malaysia Diecast Expo with JL Hobbies and MotoNation”.

A total of approximately 155,000 sq ft will be converted into a holistic one-stop automotive sales centre, together with an automotive themed lifestyle cafe and a centre of excellence for long-term product display. This project will rejuvenate MINES International Exhibition and Convention Centre into Asean’s largest automotive expo centre in Asean which showcases the latest automotive technology and trends.

Apart of being the largest indoor automotive vehicle and products showcase, Mines International Exhibition and Convention Centre will also provide a co-working space called the Mines Workpool.

MANAGEMENT DISCUSSION & ANALYSIS



Cheng Ho Islamic Finance and Trade Centre Division

The segment loss of RM0.9 million was recorded in the year 2019 compared to RM0.07 million in the preceding year.

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

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

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

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

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

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

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

Property Division

Property Division contributed RM9.68 million of revenue in the year 2019 as compared to RM20.56 million in the year 2018. The segment loss has narrowed to of RM12.63 million for the current year from RM35.79 million in the preceding year.

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

MANAGEMENT DISCUSSION & ANALYSIS

Mines Waterfront Office Suites is an exclusive development of 268 units of office suites specially designed to meet the needs of health and wellness operators with built up areas varies from 481 sqft to 1,220 sqft. Selected units come with the view of the prestigious Mines Golf Course and the fascinating view of the Mines Lake. This development will be equipped with great facilities including a fitness centre, cafes and retail spaces for variety of wellness businesses. Construction work for Wellness 4 of Mines Waterfront office Suites has been completed and Certificate of Completion and Compliance (CCC) is in progress.

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



Belleza Garden Homes Phase 3 is the continuation of the successful story of Belleza Garden Homes Phase 1 and 2. Phase 3 expected to complete in July 2020. Belleza Garden Homes Phase 3 is an exclusive freehold development in Kolej Height Utara in Jitra, Kedah consisting of 90 units of two-storey linked villas. It has a similar concept as Belleza Garden Homes Phase 1 and 2 with linear gardens and private lawns, the first of its kind in the Northern states, a gated and guarded community emphasising on security and safety of the owners with clubhouse facilities. As of now 40% of the houses have been sold and whereas the balance 60% are reserved for selective viewing.

Among other projects scheduled for next phase:

1. College Heights Garden Resort: 28 units of 2-storey shop-office
2. College Valley Industrial Park: 60 units of 1 & ½ storey Industrial Terrace
3. Mix development in Kolej Heights Utara on 200 acres and Development has been obtained for following projects.
 - 199 units – Double Storey Shop Office
 - 2 lots - Commercial Centre
 - 118 units – Double storey Semi Detached
 - 42 units Double Storey Bungalow
 - 86 units Double Storey terrace (phase A)
 - 190 units Double Storey terrace (phase B)
 - 200 units Double Storey terrace PPA1M (Phase C)
 - 615 units 5 Storey walk up Apartment with car parking facilities and Retail shoplots
 - 270 units 5 Storey Affordable Apartment Aman kedah
 - 375 units 5 Storey Affordable Apartment Makmur kedah
 - 580 units 5 Storey Medium Cost Cluster Apartment

MANAGEMENT DISCUSSION & ANALYSIS



Moving Forward:

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

Mines Car City Centre

- A total of approximately 155,000 sq ft will be converted into a holistic one-stop automotive sales centre, together with an automotive themed lifestyle cafe and a centre of excellence for long-term product display. This project will rejuvenate MINES International Exhibition and Convention Centre into Asean's largest automotive expo centre in Asean which showcases the latest automotive technology and trends.
- Apart of being the largest indoor automotive vehicle and products showcase, Mines International Exhibition and Convention Centre will also provide a co-working space called the Mines Workpool.
- Miecc is working on collaboration with Usual Entertainment to further develop the entertainment and exhibition industry.

Grand Wellness Hub

- A convergence of three different projects including a wellness centre, shopping mall and serviced apartments in Mines Wellness City. With a total of 1 mil sq ft space and a gross development value of RM1.5 billion, this will change the face of medical and wellness tourism as well.
- With the GHHS Healthcare under the umbrella of the Grand Wellness Hub, new strategies are introduced focusing on the innovative product development on holistic treatments, wellness & rejuvenation.

Resorts and Hospitality

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

Cheng Ho Islamic Finance and Trade Centre

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

We are confident that our continuous stream of sustainable projects and timely delivery of innovative will enable the Group to weather the challenges we face.



What is Blockchain?

A Guide For Beginners



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

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



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

Blockchain vs Database

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



What is Blockchain?

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

The relationship between Blockchain technology and the public

What is Decentralisation?

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

Business Opportunities and Potential of Blockchain

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

Tech research firm Gartner estimates that the business value-add of Blockchain will exceed USD 176 billion before 2025 and it will grow rapidly to even exceed USD3.1 trillion by 2030.



What makes Blockchain suitable for storing data?

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

Difference between Blockchain technology and Traditional Database

Main Applications of Blockchain Technology

What is Blockchain Wallet?

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

Blockchain vs ATM Transfer

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

Relationship between Cryptocurrency Mining and Blockchain

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



SUSTAINABILITY STATEMENT



#beSUSTAINABLE

#CHsustainable

For better LIVING

SUSTAINABILITY STATEMENT

OVERVIEW

Guided with our corporate vision and mission “Ever Searching for Better living” and “It is all about meaningful innovative creations”. We recognised the need to operate our business in a responsible and sustainable manner complying with all relevant legislative and regulatory requirements, to maintain the reputation; and generate future business. Our sustainability value can be seen through our development. We set out to build a place where people could live, learn, work, and play in an environment that they could be proud of. To quote an example, Mines Resort City. The world’s largest open cast tin mine was transformed into The Mines Resort City, Malaysia’s most breath-taking tourism landmark.



Our sustainability report covers the restructuring of our business in order to adopt the CHANGE especially towards Big Data, Block Chain and Artificial Intelligence.

The Group looked into the expansion of its current services such as hospitality & resorts, healthcare, timeshares and property development to adopt the new technology and moving forward to transform the entire business into Data.

Environment

- We are committed to safeguard the environment and strive for continual improvement in our environmental performance in ways that are sustainable, practical, commercial, meaningful, cost-effective and innovative.

Health and Safety

- To be an environmental steward and strive to conserve the natural resources and biodiversity under our influence and ensure that all potential adverse impacts our operations may have on the environment are identified and appropriately managed.

- We identify, access and manage the health and safety risks and impacts of our existing and planned operations.
- To operate as far as is reasonably practicable in a manner which safeguards the health and safety of all our employees and stakeholders.

Employee

- We strive to be an employer of choice by providing an environment in which all employees are treated fairly and with respect so that they can realise their full potential.
- To provide the leadership and resources that will enable our employees to meet objectives and targets.

Business Partners

- We ensure that our team of consultants, contractors and suppliers are aware of our Environmental & Sustainability Policy and its objectives and that they have the necessary skills to implement it.
- To favour consultants, contractors and suppliers who promote sustainable development and encourage our customers to use our products and services responsibly.

Local Communities

- To communicate regularly with the communities where we operate to develop and maintain a mutual understanding of goals and expectations.
- To promote good relationship with the authorities and communities of which we are a part and enhance their capabilities while respecting their culture and heritage.

Customer

- Sustainability is an extension of a mankind to sustain and develop customer service offering towards our businesses.
- We continuously look and strive for a strong strategy by focusing on strengths, culture, innovations, data and technologies.
- In 2019, the Group looked into implementing this strategy to come through. We improved our customer satisfaction measures in key products and segments, invested in exciting transformative initiatives, adopted the change to working culture by using cloud-based system investment, and became more active in capturing attractive opportunities in our markets.
- We started as a pioneer in property development and we continuously embraced the business change to strive and strengthen the economy.

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY in SUPPORT with THE UNSUSTAINABLE DEVELOPMENT GOALS (UNSDGS)



SCOPE

HUMAN CAPITAL

Our Employee, Our People, Our CHAMPS

Country Heights is dedicated to transform its Human Resource initiatives by formulating systematic programmes for its employees towards a purposeful and effective workforce.

"CHamps!"

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

The primary objective of CHamps! is to provide programmes that resonate with their employees, allowing them to be a proud CHamps!

The programmes also aim to create unity, inclusiveness and a heightened awareness and energy amongst employees. Each employee is recognised as a CHamps! and abides by the common values listed below as a guide in one's individual conduct in the working environment.

Country Heights AMazing PeopleS!

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

Country Heights understands that to be able to gain competitive edge and to maintain sustainability, Human Development is a crucial foundation. Country Heights is dedicated in transforming its Human Resource initiatives in formulating systematic programmes for its employees towards a purposeful and effective workforce. The first initiative was the launch of "CHampS!" The coining of a name is to create a common identity among all employees under different business units towards one goal, one culture and one direction. CHampS! is aimed to create unity, inclusiveness, and a heightened energy among workforce within the group. Each CHampS! abides the common values of caring, committed, healthy, honesty, appreciative, assertive, mannered, motivated, persistent, positive, sincere, and successful as a guide in one's individual conduct in the working environment.



SUSTAINABILITY STATEMENT

Total employee force as at 2019= 715

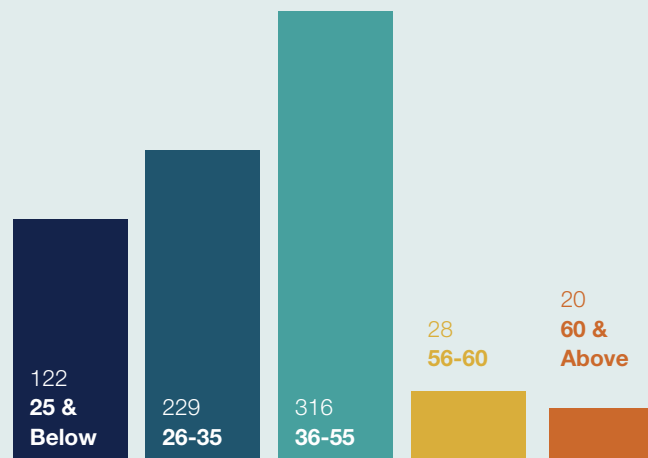
HEADCOUNT BY GENDER



FEMALE IN MANAGERIAL POSITION



HEADCOUNT BY AGE GROUP



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

In line with that, all our division gives importance to our own staff development at their work regardless of job grading. They make sure each keep upgrading themselves to the next level and contribute more to company growth as well inspire co-workers.



Human Development

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

In line with that, all our division gives important to our own staff development at their work regardless what job grading. They make sure each keep upgrading themselves to next level and contribute more to company growth as well inspire co-workers.

Human Resource Division is dedicated to empowering our staffs to become a highly skilled, competitive workforce. In 2019, Human Resource Division offered a series of training programmes. The programmes were implemented and administered a variety of training initiatives and programmes throughout the organisation.

SUSTAINABILITY STATEMENT



	Training Category	Prorammmme	No of Employee Attended
CHHB Group	Internal Training	IFCA Accouting System- GL IFCA Accouting System	12 9
	External Training	Seminar Pembangunan Strata & Spatium Serta Isu-Isu Semasa (Tahun 2019) Tranformasi Pengurusan Strata Siri 1 Thn 2019 MAICSA Symposium 2019	3 2 1
	Conference	MAICSA Annual Conference 2019	1
Hospitality	Internal	Customer Service	15
		Telephone Etiquette	15
		Service Culture	15
		Customer Service Excellence	12
		Effective Communication	15
		Handling Complaints	17
		Grooming & Beauty Workshop	25
	External	Steps to Service Excellence	15
		Yield/Revenue Management	25
		NLP - Pathway to Leadership	32
		Mandarin Language Class	12
		CPR & First Aid Training	35
		Team Building - Adapting Changes towards Increasing Productivity (ACTIP)	35
		Food Handler	12
		Halal Audit	27
		Leadership Development	37
		Financial Accounting Management	25
		Safety & Health Committee (NIOSH)	27
	Public	Certificate in Housekeeping Management (MAHTEC)	1
		Certificate in Cost Control (MAHTEC)	2
		OSHA Training (MAHTEC)	2
		Certificate in Food & Beverage Management (MAHTEC)	2
		Etiquette & Protocol (MAHTEC)	4
		Turning Complaints to Compliments (MAHTEC)	5
		Certified Food & Beverage Executive (MAHTEC)	1

SUSTAINABILITY STATEMENT

EMPLOYEE WELFARE

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



Employee Extra Curriculum Engagement

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

Objectives:

- To enhance good working relationships and build a strong sense of team spirit among employees, series of activities such as Treasure Hunt are able to inculcate strong team work and bonding amongst the staff. The club organised, birthday celebrations and games to foster unity among the staff.
- To inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team spirit and synergy.

Activities carried out such as:

- a. Identifying staff birthday by month and prepared gift for each employee
- b. Team Building programmes
- c. Gathering over food (Makan Bersama-sama) during festive season luncheons such as Golden Horse Alumni, Chinese New Year Luncheon, and Lion Dance Performance, Hari Raya Dinner Gathering, Deepavali Dinner Gathering and Year End Luncheon Gathering.

Safety Working Environment

Occupational Health, Safety and Health committee had carried out the following during the year 2019 towards improving the safety awareness amongst employees.

- a. Safety awareness on induction of new recruit
- b. Provided safety gear such as cotton gloves, face mask, ear plugs and safety boots for workers protection.
- c. Meetings to discuss improving safety in operating/ handling equipment
- d. Emergency fire drills conducted twice a year.
- e. The number of minor incidents happening in 2019 compared to the year 2018 drop by 1 case

COMMUNITY CARE BLOOD DONATION DRIVE – SAVE THE LIFE

Champs Club has organised an annual blood donation drive at Country Height's Head Quarters and have managed to collect 60 pint of blood packets. The objective of this campaign is to raise awareness on the importance of blood donation and to help reduce the insufficiency of blood supply at the National Blood Centre.

The demand for blood is actually bigger than the supply due to fear and lack of awareness. Many people out there seems to only donate blood in cases where relatives or friends are hospitalized. This need to change if we are to have a consistent supply of blood at any blood center.

Therefore, we educate and create awareness among our employees about blood donation and its vital role in other people life direct and indirectly. Most of our employee have become a regular blood donor. This exercise instils employees' LOVE value towards humankind.

We pledged to continue the blood donation drive every year and would love to save as many lives possible.

SUSTAINABILITY STATEMENT



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

SUSTAIN ENVIRONMENT

Country Heights has taken various project plans which have been implemented towards energy savings and sustaining “clean environment”. Negative ions’ energy ceiling board, a natural ionizer and air purifier LakeView Residency in Cyberjaya is our first project which has Negative ions’ energy ceiling board and also its first development in Malaysia to introduce ‘negative ions’ energy ceiling board. The energy ceiling board works as a natural ionizer and air purifier. This purification process improves air quality by helping to purge airborne particulates such as dust and germs. With the installation of the energy ceiling boards, the homeowners will enjoy fresher, cleaner and healthier environment.

Solar Energy

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

Recycle - Useable items

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

REDUCE OF PLASTIC USAGE

Under the Country Height’s core values. NATURE which we Establishing a harmonious relationship with nature through the preservation and enhancement of nature’s finest gifts

Thus, we are introducing BOTTLE FOR LIFE – SAY NO TO PLASTIC BOTTLES which banning single used plastic bottles.

Reducing Bottled Water at Meetings and Events – we are practicing to use glass bottle almost at all our meetings. We are in the midst of coming up with campaign/event on this.

AUXILIARY POLICE UNIT

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

The introduction of the unit is part of our approach to reinforce the security at all current and future Country Heights townships, with the aim of creating a safer environment for the communities.

The first batch has been deployed at selected townships and developments especially in Selangor and Negeri Sembilan’s townships and we plan to expand the unit with more trained personnel being deployed across all our townships in other states respectively in Kuching and Kedah. The first batch underwent a two-month basic auxiliary police course at Pulapol.

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

OUR AUXILIARY POLICE UNIT DUTIES

- Patrol assigned areas within the mall and its surroundings
- Respond to routine and emergency calls, administering First Aid as required and assisting crime or accident victims
- Assist with the containment and preservation of crime scenes as directed, and assisting with the determination of the extent of personal injuries, identifying victims, witnesses and the extent of damage, documenting evidence



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

This Statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is to be read together with the CG Report 2019 of the Company which is available on the Company’s website at www.countryheights.com.my

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Responsibilities and Duties

The responsibilities of the Board, amongst others, are to lead and establish the CHHB Group’s mission and vision and to provide strategic directions for the long-term success of the Group. CHHB’s Board comprises active and experienced Board members, with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, property development and marketing, corporate finance as well as mergers and acquisitions.

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

- oversight of CHHB Group, including its control and accountability systems;
- appointing or removing the Group Chief Executive Officer;
- appointing or removing the Chief Financial Officer;
- appointing or removing the Company Secretary;
- Board and Executive Management development and succession planning;
- providing input and final approval for corporate strategies;
- providing input and final approval for the annual operating budget (including the capital management budget);
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestment;
- monitoring compliance with all relevant legal, tax and regulatory obligations;
- reviewing and monitoring systems of risk management and internal compliance and controls, codes of conduct, continuous disclosures, legal compliance and other significant corporate policies;
- reviewing the effectiveness of CHHB’s implementation of its risk management system and internal control framework at least once a year;
- monitoring the Executive Management’s performance and implementation of strategies and policies, including assessing whether appropriate resources are available;
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders; and
- appointing, re-appointing or replacing the External Auditors.

In discharging his/her duties, each Director must:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Executive Chairman and Group Chief Executive Officer

The Founder of CHHB, YBhg Tan Sri Lee Kim Tiong @ Lee Kim Yew ("Tan Sri Lee"), is the Executive Chairman of the Company. As Executive Chairman, and given his capability, leadership and entrepreneurship skills, business acumen and his vast experience in the industry, Tan Sri Lee undertakes to personally and passionately spearhead the Group to better performance in the near future together with the three (3) Executive Directors, each having separate and clearly defined scope of responsibility and authority. The division of roles and responsibilities ensures that there is no excessive concentration of power in these positions.

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

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

Dato' Low was specifically appointed to carry out the following:

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

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

The Group CEO, however, had resigned on 17 September 2019. Pending the appointment of a suitably qualified and competent new Group CEO, a Management Committee had been set up to oversee the management affairs of the Group in the interim.

Company Secretary

The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters, to ensure that Board procedures are followed, and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary attends and ensures that all meetings of the Board, Board Committees and Shareholders are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Board is regularly apprised by the Company Secretary on new regulations issued by the regulatory authorities.

Supply of and Access to Information

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

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

All Board decisions are clearly recorded in the minutes, including the rationale for each decision, along with clear actions to be taken and the individuals responsible for their implementation. Relevant urgent Board decisions are communicated to the Management within one working day of the Board meeting and the minutes of Board Meetings are completed for comments by the Board members on a timely basis before the next succeeding Board meeting. Relevant extracts of the minutes are distributed to the Management for action once the Board minutes are completed, depending on the urgency of the matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Charter

The Company has adopted a Board Charter which clearly defines the respective roles, responsibilities and authorities of the Board (both individually and collectively) and the Management in setting the directions, the management and the controls of the Company as well as Matters Reserved for the Board.

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

Code of Ethics

The Code of Ethics was established to support the Company's vision and core values by instilling, internalising and upholding the value of uncompromising integrity in the behaviour and conduct of the Directors.

The Code of Ethics is reviewed and updated regularly by the Board. It has been uploaded on the Company's website at www.countryheights.com.my.

Whistleblowing Policy

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

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

The Whistleblowing Policy has been uploaded on the Company's website at www.countryheights.com.my.

Environmental & Sustainability Policy

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

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

The Environmental & Sustainability Policy has been uploaded on the Company's website at www.countryheights.com.my.

Board Composition

As at the end of the financial year 2019, the Board comprised nine (9) members, of which five (5) are Non-Executive Directors and four (4) are Executive Directors. Of the five (5) Non-Executive Directors, four (4) are Independent Directors, thus fulfilling the requirement for at least one-third of the Board to consist of Independent Directors. A brief profile of each Director (except the profile of En Nik Hassan bin Nik Mohd Amin who had resigned on 12 April 2019) are presented on pages 8 to 16 of this Annual Report.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Tenure of Independent Non-Executive Directors

The Board notes the Code's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of 12 years.

Mr Chew Chong Eu was appointed to the Board as an Independent Non-Executive Director of the Company on 29 April 2008 and has therefore, served for more than 12 years. Notwithstanding his long tenure in office, the Board, based on the review and recommendations made by the Nomination & Remuneration Committee ("NRC"), unanimously opined that the independency of Mr Chew Chong Eu has not been compromised or impaired based on the following justifications:

- He continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR;
- He has been with the Company for more than 12 years and therefore, understands the Company's business operations which enable him to participate actively and contribute positively during deliberations or discussions at meetings of the NRC, Audit & Risk Management Committee ("ARMC") and Board; and
- He has contributed sufficient time and efforts at the meetings of the NRC, ARMC and Board for informed and balanced decision making.

The Board therefore recommends for Mr Chew Chong Eu to be retained as an Independent Non-Executive Director of the Company. Ordinary resolution for the said purpose will be tabled at the forthcoming Annual General Meeting ("AGM") for shareholders' approval.

Board Diversity

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

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

The Gender Diversity Policy has been uploaded on the Company's website at www.countryheights.com.my.

As at 31 December 2019, the diversity of the Directors is as follows:

Gender	Male	Female	Total
Number of Directors	7	2	9

Ethnicity	Malay	Chinese	Indian	Total
Number of Directors	0	9	0	9

Age Group (Years)	20 – 29	30 – 39	40 – 49	50 – 59	60 and above	Total
Number of Directors	1	1	0	5	2	9

Board Appointment

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Re-election/Re-appointment of Directors

The Constitution of the Company requires a Director appointed during a financial year to retire at the following AGM. All Directors are bound to retire at least once in every three years and would be eligible for re-election at each AGM.

The re-election/re-appointment of Directors at the AGM are subject to prior assessment by the NRC and the recommendations thereafter are submitted to the Board and then for shareholders' approval.

The re-election/re-appointment of Directors at AGM provides the shareholders with a regular opportunity to re-assess the composition of the Board.

Board Meetings

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

During the financial year, the Board held six (6) meetings and details of Directors' attendances are set out below. Besides the Board Meetings, the Board also approved certain matters via Directors' Circular Resolutions during the financial year.

Name of Director	No. of Board Meetings Attended
Tan Sri Lee Kim Tiong @ Lee Kim Yew (Executive Chairman)	6/6
Lee Cheng Wen (Deputy Chairman, Non-Independent Non-Executive Director)	6/6
Chew Chong Eu (Independent Non-Executive Director)	6/6
Ong Tee Chin (Independent Non-Executive Director)	6/6
Lee Thai Young Matahari (Executive Director)	6/6
Lee Sow Lin (Executive Director)	6/6
Yip Chun Mun (Executive Director)	6/6
Chong Khing Chung (Independent Non-Executive Director) <i>Appointed on 11 July 2019</i>	2/2
Hor Siew Leong (Independent Non-Executive Director) <i>Appointed on 11 July 2019</i>	2/2
Nik Hassan bin Nik Mohd Amin (Independent Non-Executive Director) <i>Resigned on 12 April 2019</i>	3/3

At Board meetings, the Chairman encouraged constructive and healthy debates and the Directors were free to express their views. Any Director who had a direct and/or deemed interest in the subject matter to be deliberated/approved had abstained from deliberation and voting on the same during the Board meetings/approval of Directors' Circular Resolutions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

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

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

Name of Directors	Training Programmes Attended		
	Date	Organiser	Course Title
Tan Sri Lee Kim Tiong @ Lee Kim Yew	17-18/10/2019	Kingsley Advisory & Strategic Initiatives Sdn Bhd	World Chinese Business and Economic Summit 2019: Enhancing Partnerships and Shared Prosperity Through the BRI
	18-19/10/2019	World Federation of Chinese Entrepreneurs Organization	16 th World Chinese Entrepreneurs' Summit
	12/11/2019	Tan Sri Lee Kim Yew and Palace of the Golden Horses Hotel	Commemorating Sun Yat-Sen at 28 years old
Lee Cheng Wen	30/04/2019	Malaysian Institute of Accountants	MIA's Engagement Session with Audit Committee Members on Integrated Reporting
Chew Chong Eu	26/01/2019	Nature of Life Trading Sdn Bhd	AMLATFAPUAA: SC Guidelines on Prevention of Money Laundering & Terrorism Financing for Capital Market Intermediaries
	13/05/2019	CPA Australia (M) Sdn Bhd	MFRS 9: Expected Credit Loss Models
	07/11/2019	Malaysian Financial Planning Council	Corporate Business Presentation Skills 102
Ong Tee Chin	26-28/09/2019, 14-16/10/2019 & 23/11/2019	Malaysian Financial Planning Council	RFP Capstone Programme
Lee Thai Young Matahari	31/10/2019	Bursa Malaysia Berhad	Corporate Governance and Anti-Corruption
Lee Sow Lin	23/04/2019	Kingsley Strategic Institute	National Housing and Property Focus Summit 2019
Yip Chun Mun	Nil	Nil	Nil
Chong Khing Chung	31/10/2019	Lembaga Hasil Dalam Negeri Malaysia	Seminar Percukaian Kebangsaan 2019
	22/11/2019	Malaysian Institute of Accountants & Persatuan Akauntan Percukaian Malaysia	2020 Budget Seminar
	03/12/2019	Malaysian Accounting Standards Board & Financial Reporting Foundation	MFRS Application & Implementation
Hor Siew Leong	30-31/10/2019	The Iclif Leadership and Governance Centre	Mandatory Accreditation Programme

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the current financial year, Mr Yip Chun Mun did not attend any seminars/training programmes due to his work commitments. However, he has undertaken to avail himself for the relevant training courses for the next financial year.

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

Board Committees

The Board has delegated specific responsibilities to two Board Committees, namely the ARMC and NRC. The delegation of certain responsibilities of the Board to its Committees is necessary as there is now greater reliance on the Board Committees in response to the complex challenges of the business.

These Committees have the authority to examine particular issues within their Terms of Reference ("TOR") and report back to the Board with their recommendations. The ultimate responsibility for the final decision on most matters remains with the entire Board.

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

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

ARMC

The ARMC Report is set out on pages 55 to 59 of this Annual Report.

NRC

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

The TOR of the NRC is available on the Company's website at www.countryheights.com.my.

Membership

- Chew Chong Eu (Chairman)
- Ong Tee Chin
- Lee Cheng Wen
- Nik Hassan bin Nik Mohd Amin (*Resigned on 12 April 2019*)

Objectives

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Authority

The NRC is authorised by the Board to:

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

Responsibilities

The responsibilities in relation to nomination matters are as follows:

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

The responsibilities in relation to remuneration matters are as follows:

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

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

Meeting Attendance of the NRC

The NRC met once during the financial year.

Main Activities of the NRC in 2019

During the financial year, the NRC has fulfilled a number of key activities, as follows:

- Evaluated and assessed the performance of Independent Non-Executive Directors (self-assessment) for the year 2018.
- Evaluated and assessed the performance and effectiveness of the Board and Board Committees for the year 2018.
- Reviewed and recommended the re-election of Director due for retirement pursuant to Article 102 of the Constitution (Articles of Association) of the Company, at the 35th AGM.
- Reviewed and recommended the retention of the Independent Director who had served the Board for more than nine years.
- Reviewed the remuneration of the Directors for the year 2019 and subsequently recommended it to the Board for approval.

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

Directors' Remuneration

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

The Board as a whole determines the remuneration of the Directors and each individual Director abstains from the Board's decision with regard to his/her own remuneration.

The remuneration of Non-Executive Directors is based on a standard fixed fees. In addition, allowances are also paid in accordance with the number of meetings attended during the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Executive Directors are not entitled to the above Directors' Fees nor are they entitled to receive any meeting allowance for Board or Board Committee meetings that he/she has attended. Their remuneration is based on their Key Performance Indicators (KPIs) which are appraised annually.

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

The proposed Directors' Fees for the financial year 2019 will be tabled at the forthcoming 36th AGM for shareholders' approval.

The remuneration of the Directors (including En Nik Hassan bin Nik Mohd Amin prior to his resignation) for the financial year ended 31 December 2019 is as follows:

Description	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salary	2,329.0	-	1,284.7
Bonus	5.0	-	5.0
Benefits-In-Kind	19.8	-	19.8
EPF	211.2	-	190.2
Allowance	-	46.0	46.0
Fees	-	50.0	50.0
Total	2,565	96.0	2,661

The number of Directors (including En Nik Hassan bin Nik Mohd Amin prior to his resignation) whose total remuneration falls into the respective bands is as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM100,000	-	6
RM100,001 to RM200,000	1	-
RM200,001 to RM300,000	1	-
RM300,001 to RM400,000	-	-
RM400,001 to RM500,000	-	-
RM500,001 and above	2	-

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**ARMC**

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

The TOR of the ARMC is available on the Company's website at www.countryheights.com.my.

Membership

- Ong Tee Chin (Chairman)
- Chew Chong Eu
- Lee Cheng Wen
- Nik Hassan bin Nik Mohd Amin (*Resigned on 12 April 2019*)

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Relationship with Auditors

The Board, by the establishment of the ARMC, maintains a formal and transparent relationship with the Group's External Auditors. The External Auditors are invited to participate and brief the ARMC on specific issues at ARMC meetings. The roles of both the External and Internal Auditors are further described in the ARMC Report.

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

The ARMC and Board maintain great emphasis on the objectivity and independence of the External Auditors, Messrs UHY, in providing the relevant and transparent reports to shareholders. As a measure of ensuring full disclosures, representatives from Messrs UHY are invited to attend the ARMC meetings to discuss audit issues with the ARMC without the presence of the Management, as well as the AGM.

Risk Management and Internal Controls

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

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

The Statement on Risk Management and Internal Control is set out on pages 60 to 62 of this Annual Report.

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

Communication with Shareholders and Investors

The Board values the support of its shareholders and investors. It also recognises the importance of effective communication with the shareholders and the investment community of material corporate and business matters of CHHB Group. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.

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

Conduct of General Meetings

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

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

Notice of AGM is sent out to the shareholders in the month of April with more than the required twenty-eight (28) days' notice before the date of the AGM, which is usually held in June. This would enable the shareholders ample time to make the necessary arrangement to attend and participate in person or by corporate representatives, proxies or attorneys.

Shareholders and members of the public can access the Company's website at www.countryheights.com.my for the latest information on CHHB Group.

At the AGM, the Chairman presents a comprehensive review of the CHHB Group's financial performance and value created for the shareholders as well as current developments of the Group. The AGM is the principal forum for dialogue with the shareholders. It provides shareholders and investors with an opportunity to seek clarification on CHHB Group's business strategy, performance and major developments. All Directors of CHHB, including the Chairman of the ARMC and NRC, Senior Management and the External Auditors will attend the AGM to provide meaningful response to questions raised.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Poll Voting

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

COMPLIANCE STATEMENT

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

ADDITIONAL COMPLIANCE INFORMATION**Material Contracts**

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

Contracts Relating to Loan

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

Related Party Transactions

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

Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred by CHHB Group for the financial year ended 31 December 2019 is disclosed in the Financial Statements.

Share Buy-Back

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

There was no share buy-back during the financial year ended 31 December 2019.

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

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

* Inclusive of transaction cost

All the shares purchased by the Company were retained as treasury shares as at 31 December 2019. There was no resale of any treasury share during the financial year.

Utilisation of Proceeds

The Company did not raise any proceeds from corporate proposals during the financial year ended 31 December 2019.

This Statement is made in accordance with a resolution of the Board passed on 30 June 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is responsible for ensuring that the financial statements of the Group and of the Company have been drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by International Accounting Standards Board, the provisions of the Companies Act 2016, and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

The Board is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2019, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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

COMPOSITION

The ARMC comprises three members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. This meets the requirement of Paragraph 15.09(1)(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The ARMC consists of the following members:

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

ATTENDANCE OF MEETING

The ARMC met five times during the financial year ended 31 December 2019 and the attendances are as follows:

Name of Director	Attendance	%
Ong Tee Chin <i>(Re-designated as ARMC Chairman on 12 April 2019)</i>	5/5	100
Chew Chong Eu	5/5	100
Lee Cheng Wen	5/5	100
Nik Hassan bin Nik Mohd Amin <i>(Resigned on 12 April 2019)</i>	2/2	100

The Executive Chairman, Executive Directors, Chief Financial Officer, other Senior Management members and the External Auditors attended these meetings upon invitation to brief the ARMC on specific issues.

Prior to some of the ARMC meetings, private sessions were held between the ARMC Chairman and External Auditors without the Management's presence.

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

TERMS OF REFERENCE ("TOR")

The ARMC has reviewed and endorsed its TOR in line with the MMLR of Bursa Securities and best practices propagated by Bursa Securities Corporate Governance Guide towards Boardroom Excellence.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Composition

The ARMC shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members, the majority of whom shall be Independent Directors. All members of the ARMC shall be Non-Executive Directors.

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

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

No Alternate Director shall be appointed as a member of the ARMC. The members of the ARMC shall elect a Chairman from among themselves, who shall be an Independent Non-Executive Director. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Appointments to the ARMC shall be for a period of up to three years, which may be extended for up to another three years, provided that the Director still meets the criteria for membership of the ARMC.

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

Quorum

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

Attendance & Frequency of Meetings

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

The ARMC shall meet with the External Auditors, Internal Auditors or both, without Executive Board members and employees present at least twice a year.

Authority

The ARMC is authorised by the Board to:

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Functions

(i) Financial Statements, External Audit and Other Information

The duties of the ARMC shall be to:

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

(ii) Risk Management, Internal Control and Information Systems

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

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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

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

Minutes

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

Summary of Activities of the ARMC

During the financial year, the ARMC carried out its duties as set out in its TOR, including but not limited to:

- (i) review audit plans prepared by both Internal and External Auditors;
- (ii) review unaudited quarterly financial statements during the financial year prior to submission to the Board for consideration and approval, and the review and discussion were conducted with the Group Chief Financial Officer;
- (iii) review and evaluate the policies for risk management and systems of internal control;
- (iv) review internal audit reports presented by Internal Auditors and consider the major findings by the Internal Auditors and the Management's responses thereto;
- (v) review the audited financial statements and discuss significant audit issues and findings with the External Auditors;
- (vi) review the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transaction, if any, before recommending to the Board for approval; and
- (vii) meet and discuss with the External Auditors without the presence of the Management staff.

External Audit

- (i) The External Auditors presented the Interim Report for the financial year ended 31 December 2018 at its meeting on 21 February 2019 with regard to the relevant disclosures in the annual audited financial statements. The ARMC also considered suggestions to improve the accounting procedures and internal control measures.
- (ii) On 12 April 2019, the External Auditors tabled the Final Report and the Audit Financial Statements for the year ended 31 December 2018.
- (iii) On 25 November 2019, the ARMC reviewed the External Auditors' Professional Services Planning Memorandum for the financial year ending 31 December 2019, outlining their scope of work and proposed fees of RM286,000 for the statutory audit and review of the Statement of Risk Management and Internal Control for 2019. The ARMC resolved to recommend the proposed fees to the Board for approval.
- (iv) The new standard in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants requires External Auditors to communicate in writing to the ARMC all breaches of independence requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

Summary of Activities of the Internal Audit Function

The ARMC is aware that an independent and adequately resourced Internal Audit function is essential to assist it in obtaining the assurance it requires with regard to the effectiveness of the system of internal controls.

The Internal Audit function is undertaken by an in-house Group Internal Audit Department ("GIAD"). The GIAD reports independently to the ARMC and its role encompasses the examination and evaluation of the adequacy and effectiveness of the Group's system of internal controls to provide reasonable assurance to the members of the ARMC. During the financial year under review, GIAD was operated by two staff, both of whom were free from any relationships or conflicts of interest with any employees of the Company.

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

The purpose of the Standards is to:

- (i) delineate basic principles that represent the practice of internal auditing.
- (ii) provide a framework for performing and promoting a broad range of value-added internal auditing.
- (iii) establish the basis for the evaluation of internal audit performance.
- (iv) foster improved organisational processes and operations.

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

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

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

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

- (i) Formulated annual risk-based audit plan and reviewed the resource requirements for audit executions;
- (ii) Executed internal audit reviews in accordance with the approved annual audit plan;
- (iii) Issued reports on the internal audit findings identifying weaknesses and highlighting recommendations for improvements on a periodic basis;
- (iv) Followed-up on the implementation of corrective action plans or best practices agreed with the Management; and
- (v) Attended ARMC meetings to table and discuss the audit reports and followed up on issues raised.

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

The total cost incurred for the Internal Audit function of the Group for the financial year ended 31 December 2019 was RM188,710.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility and Accountability

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

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

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

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

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

1. Control Environment

- **Organisation Structure & Authorisation Procedures**

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

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

- **Monitoring and Reporting Procedures**

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

The Divisional Heads and Business Unit Heads are responsible to ensure that the Standard Operating Procedures which include policies and procedures are continuously reviewed and update promptly.

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

- **Human Resource Policy**

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

2. Risk Management

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

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

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

3. Internal Audit Function

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

The Group Internal Audit Department reports directly to the Audit & Risk Management Committee. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted to ensure that the system is viable and robust. For 2019, all the internal audits were performed by the in-house Group Internal Audit Department. Arising from these assessments and reviews, the Group Internal Audit Department presented their reports to the Audit & Risk Management Committee on their findings, recommendations for improvements and the response from management for the Committee's deliberation and consideration.

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

The responsibilities of IAD include developing the annual audit plan execution and reporting the audit results for the Group. For such purposes, the IAD:

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

A summary of internal audit activities that were undertaken during the financial year ended 31 December 2019 is as follows:

The internal audit reviews were carried out to assess the adequacy and effectiveness of internal control and compliance with the CHHB Group's policies and procedures over the following.

- o conduct internal audit on key processes such as sales & marketing management, trade receivable & debtors control monitoring, procurement & maintenance support, services provider agreements, car park sales & collections, payments, project construction progress & work done, maintenance billing & collections, leasing of office space, fixed assets listing, billing & revenue recognition, trade creditors & credit control monitoring and front office room reservations & billings;
- o conducted follow-up review on issues raised in preceding cycles of internal audit to assess the implementation status of Management action plans;
- o reported to the Audit Committee, highlighting the status of Management's action plan in addressing issues highlighted in preceding cycles of internal audit.

4. Information and Communication

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

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

5. Review & Monitoring Process

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

6. Assurance From Executive Chairman & Management

According to the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, the Board has received assurance from the Executive Chairman, Executive Directors and Management regarding the adequacy and effectiveness of the Group's risk management and internal control operation in all material aspect. It is therefore of the view that risk management and internal control system is satisfactory and no material internal control failures was noted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

7. Review of The Statement on Risk Management & Internal Control

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

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

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

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

This statement is made in accordance with the Board's resolution dated 30 June 2020.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Company are that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Loss for the financial year	39,341	609,089
Attributable to:		
Owners of the Parent	34,600	609,089
Non-controlling interests	4,741	-
	39,341	609,089

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

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

Treasury Shares

As at 31 December 2019, the Company held 2,150,000 treasury shares out of the total 275,707,403 issued ordinary shares. The treasury shares are held at a carrying amount of RM2,914,000. Further relevant details are disclosed in Note 21 to the financial statements.

Warrants 2018/2023

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

The warrants were constituted under the Deed Poll dated 3 December 2018 as disclosed in Note 22(c) to the financial statements.

As at 31 December 2019, the total number of the warrants that remain unexercised were 136,778,701.

Options Granted Over Unissued Shares

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

DIRECTORS' REPORT

Directors

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

Tan Sri Lee Kim Tiong @ Lee Kim Yew*	
Lee Cheng Wen*	
Chew Chong Eu	
Lee Thai Young Matahari*	
Lee Sow Lin	
Yip Chun Mun*	
Ong Tee Chin	
Chong Khing Chung	(Appointed on 11 July 2019)
Hor Siew Leong	(Appointed on 11 July 2019)
Nik Hassan bin Nik Mohd Amin*	(Resigned on 12 April 2019)

* Director of the Company and its subsidiary companies

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

Datuk Wan Abdul Kadir @ Wan Ali bin Wan Yubi @ Tuanku Yubi	
Datuk Sudarsono Osman	
Ooi Ghee Kiong	
Ng Cheng Sinn	
Kang Kian Keong	(Alternate Director to Ng Cheng Sinn)
Abdullah bin Julaihi	(Appointed on 15 October 2019)
Monaliza binti Zaidel	(Appointed on 30 December 2019)
Stephanie Ann Sardar	(Appointed on 1 February 2020)
Wong Sook Ping	(Resigned on 1 July 2019)
Zaidi bin Mahdi	(Resigned on 15 October 2019)
Datu Sajeli bin Kipli	(Resigned on 31 December 2019)
Pamela Tay Chuan Mien	(Resigned on 1 February 2020)

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

Directors' Interests in Shares

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

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interest in the Company				
Direct interests				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000	3,300,000	16,400,000	76,500,000
Lee Cheng Wen	12,389,831	-	-	12,389,831
Yip Chun Mun	11,000	-	-	11,000
Lee Sow Lin	10,000	-	-	10,000
Indirect interests				
Tan Sri Lee Kim Tiong @ Lee Kim Yew [#]	99,019,431	1,200,000	1,600,000	98,619,431

DIRECTORS' REPORT

Directors' Interests in Shares (Cont'd)

	At 1.1.2019	Number of warrants		At 31.12.2019
		Bought	Exercised	
Interest in the Company				
Direct interests				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	44,799,999	-	-	44,799,999
Lee Cheng Wen	6,994,915	-	-	6,994,915
Yip Chun Mun	5,500	-	-	5,500
Lee Sow Lin	5,000	-	-	5,000
Indirect interests				
Tan Sri Lee Kim Tiong @ Lee Kim Yew [#]	50,109,739	-	-	50,109,739

	At 1.1.2019	Number of ordinary shares		At 31.12.2019
		Bought	Sold	
Shares in subsidiary company Golden Horse Palace Berhad				
Direct interests				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	50,000,000	-	-	50,000,000
Yip Chun Mun	30,000	-	-	30,000

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

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

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 35(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Director who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business and legal fee paid to a firm in which a Director is a member as disclosed in Note 35 to the financial statements.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20,000,000 and RM34,672 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which current assets might be expected so to realise.

DIRECTORS' REPORT

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

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

Auditors' Remuneration

The details of auditors' remuneration are set out in Note 30 to the financial statements.

Subsequent Events

The details of subsequent events are disclosed in Note 41 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 June 2020.

TAN SRI LEE KIM TIONG @ LEE KIM YEW

LEE THAI YOUNG MATAHARI

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 72 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 June 2020.

TAN SRI LEE KIM TIONG @ LEE KIM YEW

LEE THAI YOUNG MATAHARI

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Phua Kia Pau (MIA Membership No.:14989), being the Officer primarily responsible for the financial management of Country Heights Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 72 to 151 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 30 June 2020)
)

PHUA KIA PAU

Before me,

NO. W710
MOHAN A. S. MANIAM
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Country Heights Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 151.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters	How we addressed the key audit matters
<u>Revenue recognition on the sale of properties under development</u> Revenue from the sale of properties under development is accounted for using the percentage of completion method where the outcome of development can be reliably estimated and is in respect of sales where the agreements have been finalised by the end of the reporting period. The percentage of completion is measured by reference to the cost incurred to date compared to the estimated total cost of the development. Significant judgement is required in determining the percentage of completion, the extent of the property development costs incurred, the estimated total property development costs, as well as the outcome of the development projects. In making the judgement, the Group evaluates past experiences and relies on the work of specialists. The Group has made disclosure relating to sales of properties under development on Note 3(s)(i)(a) to the financial statements.	Our audit procedures included as following: a) Evaluated property development revenue recognition in accordance with MFRS15 <i>Revenue from Contracts with Customers</i>; b) Assessed the reasonableness of the management prepared budgets for property development projects and challenged management assumptions used in the preparation of the respective budget; c) Checked actual development costs incurred to determine their appropriateness and that they have been recorded in the correct accounting period; d) Checked sales and purchase agreements entered into between the Group and the property purchasers to determine that they had been recorded in the correct accounting period; and e) Evaluated the accounting treatment for the borrowing costs incurred on property development projects in accordance with the requirements of MFRS15 <i>Revenue from Contracts with Customers</i>.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<u>Allowance for impairment losses on receivables</u> Significant management judgement is required in determining the appropriate level of allowance to be made in respect of irrecoverable trade receivables. The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired, by considering the factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments; and expectations of future cash flows arising from the receivable. The key sources of estimation uncertainty relating to impairment of trade receivables are disclosed in Note 2(d) to the financial statements.	We have evaluated management's assumptions used in calculating the allowance for doubtful debts and checked the calculations supporting the allowance, testing the accuracy and completeness of the ageing reports used as basis to calculate the allowance. In order to assess the reasonableness of the allowance, we reviewed the ageing of receivables in comparison to previous years, reviewed the level of bad debt written off in the current and prior years as well as checking the recoverability of outstanding receivables through examination of subsequent collections.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COUNTRY HEIGHTS HOLDINGS BERHAD

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG

Approved Number: 03355/02/2022 J
Chartered Accountant

KUALA LUMPUR

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-Current Assets					
Property, plant and equipment	4	55,523	312,710	169	111
Right-of-use assets	5	553,727	-	-	-
Investment properties	6	271,140	271,640	-	-
Prepaid land lease payments	7	-	295,826	-	-
Inventories	8	158,954	201,672	-	-
Investment in subsidiary companies	9	-	-	60,792	609,598
Investment in associates	10	-	-	-	-
Investment in a joint venture	11	-	-	-	-
Other investments	12	2,718	2,734	718	718
Trade receivables	13	7,138	6,912	-	-
Deferred tax assets	14	26,046	26,166	-	-
		1,075,246	1,117,660	61,679	610,427
Current Assets					
Inventories	8	219,900	215,583	-	-
Trade receivables	13	18,112	17,766	-	-
Other receivables	15	20,926	25,422	1,287	4,691
Amount due from subsidiary companies	16	-	-	21,811	3,423
Tax recoverable		741	4,039	-	3,714
Fixed deposits with licensed banks	17	2,098	2,225	-	-
Cash and bank balances	18	10,646	9,541	1,732	610
		272,423	274,576	24,830	12,438
Non-current asset held for sale	19	42,313	-	-	-
		314,736	274,576	24,830	12,438
Total Assets		1,389,982	1,392,236	86,509	622,865
Equity					
Share capital	20	352,006	352,006	352,006	352,006
Treasury shares	21	(2,914)	(2,914)	(2,914)	(2,914)
Reserves	22	472,828	507,273	(542,187)	66,902
Equity attributable to owners of the parent		821,920	856,365	(193,095)	415,994
Non-controlling interests		14,260	18,832	-	-
Total Equity		836,180	875,197	(193,095)	415,994

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-Current Liabilities					
Contract liabilities	23	39,664	39,317	-	-
Other payables	24	2,122	1,736	-	-
Loans and borrowings	25	143,334	183,052	67,887	107,294
Lease liabilities	26	3,282	-	-	-
Deferred tax liabilities	14	124,931	125,059	-	-
		313,333	349,164	67,887	107,294
Current Liabilities					
Trade payables	27	42,399	39,446	-	-
Contract liabilities	23	3,544	7,113	-	-
Other payables	24	113,910	77,752	13,428	12,621
Amount due to subsidiary companies	16	-	-	128,399	59,546
Loans and borrowings	25	74,433	41,879	69,890	27,410
Lease liabilities	26	3,250	-	-	-
Tax payable		2,933	1,685	-	-
		240,469	167,875	211,717	99,577
Total Liabilities		553,802	517,039	279,604	206,871
Total Equity and Liabilities		1,389,982	1,392,236	86,509	622,865

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	28	92,211	90,636	-	-
Cost of sales		(26,962)	(29,456)	-	-
Gross profit		65,249	61,180	-	-
Other income		8,756	126,005	276	220
Selling and marketing expenses		(8,183)	(7,348)	(210)	(148)
Administrative expenses		(28,522)	(27,302)	(1,283)	(572)
Net (loss)/gain on impairment of financial instruments		(13,788)	(3,192)	(52,900)	87
Net loss on impairment of non-financial asset		(16)	-	(548,806)	(7,305)
Other expenses		(49,977)	(35,327)	(1,157)	(639)
(Loss)/Profit from operations		(26,481)	114,016	(604,080)	(8,357)
Finance costs	29	(12,040)	(9,079)	(1,792)	(18)
Share of result of an associate		(2)	-	-	-
(Loss)/Profit before tax	30	(38,523)	104,937	(605,872)	(8,375)
Taxation	31	(818)	(20,609)	(3,217)	(43)
(Loss)/Profit for the financial year		(39,341)	84,328	(609,089)	(8,418)
Other comprehensive income					
Item that is or may be reclassified subsequently to profit or loss					
Exchange translation differences for the foreign operations		531	1,395	-	-
Total comprehensive (loss)/income for the financial year		(38,810)	85,723	(609,089)	(8,418)
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(34,600)	86,653	(609,089)	(8,418)
Non-controlling interests		(4,741)	(2,325)	-	-
		(39,341)	84,328	(609,089)	(8,418)
Total comprehensive (loss)/ income for the financial year attributable to:					
Owners of the parent		(34,069)	88,048	(609,089)	(8,418)
Non-controlling interests		(4,741)	(2,325)	-	-
		(38,810)	85,723	(609,089)	(8,418)
(Loss)/Earnings per share (sen)					
Basic	32(a)	(12.68)	31.77		
Diluted	32(b)	(11.85)	31.77		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Parent				Distributable	
	Non-Distributable		Other		Retained	
	Share capital RM'000	Treasury shares RM'000	Warrant reserve RM'000	Other reserves RM'000	earnings RM'000	Total Equity RM'000
Group						
At 1 January 2019, as previously reported	352,006	(2,914)	62,645	67,776	376,852	875,197
Effect of adopting MFRS 16	-	-	-	-	69	69
At 1 January 2019, as restated	352,006	(2,914)	62,645	67,776	376,921	875,266
Net loss for the financial year	-	-	-	-	(34,600)	(34,600)
Other comprehensive income	-	-	-	531	-	531
Total comprehensive income for the financial year	-	-	-	531	(34,600)	(34,600)
Transfer to retained earnings	-	-	-	(1,663)	1,663	-
At 31 December 2019	352,006	(2,914)	62,645	66,644	343,539	836,180
Transactions with owners:						
Dividends paid to non-controlling interest	-	-	-	-	-	(694)
Changes in ownership interest in a subsidiary company	-	-	-	-	(445)	(445)
Total transactions with owners of the Company	-	-	-	-	(445)	(276)
At 1 January 2018, as previously reported	352,006	(2,914)	-	130,689	293,125	793,448
Effect of adopting MFRS 9	-	-	-	-	(4,224)	(4,224)
At 1 January 2018, as restated	352,006	(2,914)	-	130,689	288,901	789,224
Net profit for the financial year	-	-	-	-	86,653	86,653
Other comprehensive income	-	-	-	1,395	-	1,395
Total comprehensive income for the financial year	-	-	-	1,395	86,653	88,048
Transfer to retained earnings	-	-	-	(1,663)	1,663	-
At 31 December 2018	352,006	(2,914)	62,645	67,776	376,852	875,197
Transactions with owners:						
Issuance of Warrants	-	-	62,645	(62,645)	-	-
Changes in ownership interest in a subsidiary company	-	-	-	-	(365)	(365)
Total transactions with owners of the Company	-	-	62,645	(62,645)	(365)	(365)
At 31 December 2018	352,006	(2,914)	62,645	67,776	376,852	875,197

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Parent				Distributable		Total Equity RM'000
	Share Capital RM'000	Treasury shares RM'000	Share Premium RM'000	Warrant reserve RM'000	Other reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	
Company							
At 1 January 2019	352,006	(2,914)	-	62,645	(62,645)	66,902	415,994
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	-	(609,089)	(609,089)
At 31 December 2019	352,006	(2,914)	-	62,645	(62,645)	(542,187)	(193,095)
At 1 January 2018	352,006	(2,914)	-	-	-	75,320	424,412
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	-	-	(8,418)	(8,418)
Transactions with owners:							
Issuance of Warrants	-	-	-	62,645	(62,645)	-	-
At 31 December 2018	352,006	(2,914)	-	62,645	(62,645)	66,902	415,994

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Operating Activities				
(Loss)/Profit before tax	(38,523)	104,937	(605,872)	(8,375)
Adjustments for:				
Amortisation of:				
- debt issuance costs	-	80	-	-
- deferred income	(1,180)	(1,180)	-	-
- prepaid land lease payments	-	1,853	-	-
- right-of-use assets	7,206	-	-	-
Bad debts recovered	(316)	(528)	-	-
Bad debts written off	2,182	633	288	74
Depreciation of property, plant and equipment	5,252	9,463	96	66
Dividend income	(200)	(150)	-	-
Fair value loss/(gain) on investment properties	500	(117,063)	-	-
Fair value adjustment on trade receivables	273	83	-	-
Interest expenses	12,040	9,079	1,792	18
Interest income	(225)	(145)	-	-
Inventories written off	595	-	-	-
Property, plant and equipment written off	1,814	16	-	-
Share of result of an associate	2	-	-	-
Unrealised loss on foreign exchange	392	42	-	-
Gain on disposal on property, plant and equipment	(30)	(5)	-	-
Reversal of impairment loss on:				
- investment in subsidiary companies	-	-	-	(152)
- trade receivables	(3,698)	(3,186)	-	-
- other receivables	(439)	-	(296)	(68)
- amount due from subsidiary companies	-	-	-	(19)
Impairment loss on:				
- investment in subsidiary companies	-	-	548,806	7,305
- other investments	16	-	-	-
- trade receivables	12,376	4,517	-	-
- other receivables	5,549	1,861	697	-
- amount due from subsidiary companies	-	-	52,499	-
Operating profit/(loss) before working capital changes	3,586	10,307	(1,990)	(1,151)
Changes in working capital:				
Inventories	(3,803)	(3,853)	-	-
Receivables	(9,374)	6,146	2,715	(4,224)
Deferred income	2,520	5,817	-	-
Contract liabilities	(3,041)	(39)	-	-
Payables	37,800	(6,125)	807	154
Cash generated from/(used in) operations	27,688	12,253	1,532	(5,221)
Interest paid	(12,040)	(9,079)	(1,792)	(18)
Tax paid	(2,485)	(1,295)	-	(43)
Tax refund	4,609	339	497	-
Net cash from/(used in) operating activities	17,772	2,218	237	(5,282)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash Flows From Investing Activities				
Acquisition of investment in an associate	(2)	-	-	-
Dividend received	200	150	-	-
Interest received	225	145	-	-
Proceeds from disposal of property, plant and equipment	30	5	-	-
Purchase of property, plant and equipment	(8,038)	(2,856)	(154)	-
Addition to prepaid land lease payments	-	(3)	-	-
Proceed from partial disposal of stakes in a subsidiary company	418	250	-	-
(Repayment to)/Advance from subsidiary companies	-	-	(70,887)	76,971
Net cash (used in)/from investing activities	(7,167)	(2,309)	(71,041)	76,971
Cash Flows From Financing Activities				
Advance from/(Repayment to) subsidiary companies	-	-	68,853	(76,169)
Decrease in bank overdrafts	(11,001)	(8,753)	(20)	(8,584)
Dividend paid to non-controlling interests	(694)	-	-	-
Drawdown of term loans	53,337	25,000	35,000	25,000
Payment of lease liabilities	(1,883)	-	-	-
Repayment of finance lease liabilities	-	(278)	-	-
Repayment of term loans	(49,367)	(20,301)	(31,907)	(11,343)
Net cash (used in)/from financing activities	(9,608)	(4,332)	71,926	(71,096)
Net increase/(decrease) in cash and cash equivalents	997	(4,423)	1,122	593
Cash and cash equivalents at the beginning of the financial year	11,766	16,167	610	17
Effect of exchange translation differences on cash and cash equivalents	(19)	22	-	-
Cash and cash equivalents at the end of the financial year	12,744	11,766	1,732	610
Cash and cash equivalents at the end of the financial year comprise:				
Fixed deposits with licensed banks	2,098	2,225	-	-
Cash and bank balances	10,646	9,541	1,732	610
	12,744	11,766	1,732	610

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

1. Corporate Information

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

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

The principal activities of the Company are that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

Adoption of new and amended standards

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

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to	Amendments to MFRS 3
MFRSs 2015 - 2017 Cycle:	Amendments to MFRS 11
	Amendments to MFRS 112
	Amendments to MFRS 123

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

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

MFRS 16 Leases (Cont'd)

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

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- The Group does not apply the standard to leases which lease terms end within 12 months from 1 January 2019.
- No adjustments are made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group uses hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification and prepaid lease payments have been reclassified to ROU assets on 1 January 2019 for the Group and the Company respectively.

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

	As at 31.12.2018 RM'000	MFRS 16 adjustments RM'000	As at 1.1.2019 RM'000
Group			
Property, plant and equipment	312,710	(257,728)	54,982
Right-of-use assets	-	556,069	556,069
Prepaid land lease payments	295,826	(295,826)	-
Finance lease liabilities	133	(133)	-
Lease liabilities	-	2,579	2,579
Retained earnings	376,852	69	376,921

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statements of financial position at 1 January 2019.

	Group RM'000
Operating lease commitments as at 31 December 2018	2,869
Discounted using the incremental borrowings rate at 1 January 2019	(293)
Add: Transfer from finance lease obligations upon initial application of MFRS 16	133
Less: Recognition exemption for short-term leases	(130)
Lease liability recognised as at 1 January 2019	2,579

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was ranging from 3.29% to 4.6%.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020
MFRS 17	Insurance Contracts	1 January 2021
Annual Improvements to MFRS Standards 2018-2020		1 January 2022
• MFRS 1 • MFRS 9 • MFRS 16 • MFRS 141		
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

The initial application of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Significant accounting judgements, estimates and assumptions

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

Judgements

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

Operating lease commitments – Group as lessor

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

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

Judgements (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers

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

The Group recognises revenue over time in the following circumstances:

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

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

Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

(d) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Revenue recognition (Cont'd)

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

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

Key sources of estimation uncertainty

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

Useful lives/amortisation of property, plant and equipment and right-of-use ("ROU") assets

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

The carrying amount at the reporting date for property, plant and equipment and ROU assets are disclosed in Notes 4 and 5.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2019 for investment properties. The valuation methodology based on sales comparison approach was used. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The fair value of buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The key assumptions used to determine the fair value of the investment properties are provided in Note 6.

Impairment of investments in subsidiary companies

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

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 14.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8.

Determination of transaction prices

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

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

Revenue from property development contracts

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

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

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

The carrying amount of assets and liabilities of the Group arising from property development activities are disclosed in Notes 8 and 23.

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 15 and 16 respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2019, the Group has tax recoverable of RM741,000 (2018: RM4,039,000) and tax payable of RM2,933,000 (2018: RM1,685,000) respectively. The Company has tax recoverable of Nil (2018: RM3,714,000).

3. Significant Accounting Policies

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

- (a) Basis of consolidation

- (i) Subsidiary companies

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

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

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Investments in associates and joint venture

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(b) Investments in associates and joint venture (Cont'd)

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

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

The financial statements of the associate and joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

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

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations

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

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

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

(d) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Depreciation of hotel properties, exhibition centre and showroom is provided over the leasehold period of the land of 76 years. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

Freehold buildings	2%
Golf clubhouse	
- Freehold	2% - 10%
Irrigation system and equipment included in golf courses and boat clubs	10%
Office furniture and fittings, office equipment and renovation	10% - 20%
Plant, machinery and equipment	10% - 33%
Motor vehicles	10% - 20%

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

Leasehold land and buildings

The above accounting policies for property, plant and equipment applies to leasehold land and buildings including hotel properties, exhibition centre and showroom and golf clubhouse until 31 December 2018. The leasehold land and buildings were depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 January 2019, the Group has reclassified the carrying amount of the leasehold land and building to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(f) to the financial statements.

(e) Prepaid land lease payments

Leasehold land that has an indefinite economic life and title is not expected to pass to the Group by the end of the lease period is classified as operating lease. The upfront payments for the right to use the leasehold land over a predetermined period are accounted for as prepaid land lease payments and are stated at cost less amount amortised. The prepaid land lease payments are amortised on a straight-line basis over the remaining lease terms ranging from 71 to 175 years (2018: 72 to 176 years).

The above accounting policies for prepaid land lease payments applies to leasehold land until 31 December 2018. The leasehold land was depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 January 2019, the Group has reclassified the carrying amount of the leasehold land to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(f) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(f) Leases

Policy applicable from 1 January 2019

(a) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Long term leasehold land	Over the lease period ranging from 20 to 999 years
Leasehold building	2 to 50 years, or over the lease term, if shorter
Office furniture and fittings, office equipment	20%
Plant and machineries	10 to 20 years
Motor vehicles	20% - 33%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(b) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in their statements of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

Policy applicable from 1 January 2019 (Cont'd)

(b) As lessor (Cont'd)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable before 1 January 2019

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

As lessee

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

As lessor

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

(g) Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(g) Investment properties (Cont'd)

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

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

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

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

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

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

(h) Financial assets

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

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

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

(i) Financial assets at amortised cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(h) Financial assets (Cont'd)

(ii) Fair value through other comprehensive income

Equity instruments

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

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

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

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

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

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

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

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

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

(i) Financial liabilities

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

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

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

(j) Financial guarantee contracts

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(j) Financial guarantee contracts (Cont'd)

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue From Contracts with Customers*.

(k) Offsetting of financial instruments

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

(l) Inventories

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

(i) Land held for property development

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

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

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

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

(ii) Property under development and completed property

Property under development consists of the cost of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

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

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

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

(iii) Other inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(m) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(n) Statements of cash flows

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

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

(o) Impairment of assets

(i) Non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(ii) Financial assets

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

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

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

(p) Share capital

(i) Ordinary shares

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

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

(ii) Treasury shares

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

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

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

(q) Provisions

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(r) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(s) Revenue recognition

(i) Revenue from contracts with customers

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

The Group recognises revenue from the following major sources:

(a) Revenue from property development

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

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

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

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

(b) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(s) Revenue recognition (Cont'd)

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

(c) Revenue from hotel operations

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

(d) Initial membership fees

Healthcare

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

Timeshare

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

(e) Subscription fees

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

(f) Annual maintenance fees

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

(g) Deferred income

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

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

(v) Revenue from rental of promotion space

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(t) Borrowing costs

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income taxes

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

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

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

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

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

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

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

(v) Segments reporting

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

3. Significant Accounting Policies (Cont'd)

(w) Contingencies

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

(x) Non-current assets held for sale

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

(y) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible.

4. Property, Plant and Equipment

	Note	2019 RM'000	2018 RM'000
Net carrying amount			
Group			
Hotel properties, exhibition centre and showroom	(a)	-	247,819
Other property, plant and equipment	(b)	55,523	64,891
		55,523	312,710
Company			
Other property, plant and equipment	(b)	169	111

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

(a) Hotel properties, exhibition centre and showroom

Group 2019	Hotel properties RM'000	Exhibition centre and showroom RM'000	Total RM'000
Cost			
At 1 January	243,135	134,840	377,975
Effect of adopting MFRS 16	(243,135)	(134,840)	(377,975)
At 1 January, as restated/At 31 December	-	-	-
Accumulated depreciation			
At 1 January	33,368	11,081	44,449
Effect of adopting MFRS 16	(33,368)	(11,081)	(44,449)
At 1 January, as restated/At 31 December	-	-	-
Accumulated impairment losses			
At 1 January	24,162	61,545	85,707
Effect of adopting MFRS 16	(24,162)	(61,545)	(85,707)
At 1 January, as restated/At 31 December	-	-	-
Net carrying amount	-	-	-
Group 2018			
Cost			
At 1 January/31 December	243,135	134,840	377,975
Accumulated depreciation			
At 1 January	30,821	10,230	41,051
Charge for the financial year	2,547	851	3,398
At 31 December	33,368	11,081	44,449
Accumulated impairment losses			
At 1 January/31 December	24,162	61,545	85,707
Net carrying amount	185,605	62,214	247,819

The hotel properties, exhibition centre and showroom with an aggregate net carrying amount of Nil (2018: RM247,819,000) were pledged as security for borrowings as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

(b) Other property, plant and equipment

Group 2019	Freehold land and buildings RM'000	Leasehold buildings RM'000	Golf clubs, courses and boats clubs RM'000	Office furniture and fittings, office equipment and renovation RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January	2,437	14,267	50,902	115,810	76,368	5,980	265,764
Effect of adopting MFRS 16	-	(14,267)	-	(221)	-	-	(14,488)
At 1 January, as restated	2,437	-	50,902	115,589	76,368	5,980	251,276
Additions	-	-	-	3,944	4,094	-	8,038
Disposals	-	-	-	(52)	-	(117)	(169)
Written off	-	-	-	-	(1,845)	(382)	(2,227)
Foreign currency translation differences	-	-	(519)	-	-	-	(519)
At 31 December	2,437	-	50,383	119,481	78,617	5,481	256,399
Accumulated depreciation							
At 1 January	320	4,505	12,681	102,632	74,877	5,858	200,873
Effect of adopting MFRS 16	-	(4,505)	-	(74)	-	-	(4,579)
At 1 January, as restated	320	-	12,681	102,558	74,877	5,858	196,294
Charge for the financial year	41	-	500	4,521	158	32	5,252
Disposal	-	-	-	(52)	-	(117)	(169)
Written off	-	-	-	-	(31)	(382)	(413)
Foreign currency translation differences	-	-	(88)	-	-	-	(88)
At 31 December	361	-	13,093	107,027	75,004	5,391	200,876
Net carrying amount	2,076	-	37,290	12,454	3,613	90	55,523

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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

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

Group 2018	Freehold land and buildings RM'000	Leasehold buildings RM'000	Golf clubs, courses and boats clubs RM'000	Office furniture and fittings, office equipment and renovation RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January	2,134	15,499	51,776	113,353	76,691	6,046	265,499
Additions	303	80	-	2,473	-	-	2,856
Disposals	-	-	-	-	-	(66)	(66)
Transfer to investment properties	-	(1,312)	-	-	-	-	(1,312)
Written off	-	-	-	(16)	(323)	-	(339)
Foreign currency translation differences	-	-	(874)	-	-	-	(874)
At 31 December	2,437	14,267	50,902	115,810	76,368	5,980	265,764
Accumulated depreciation							
At 1 January	274	4,834	12,299	98,816	74,244	5,846	196,313
Charge for the financial year	46	663	506	3,816	956	78	6,065
Disposal	-	-	-	-	-	(66)	(66)
Transfer to investment properties	-	(992)	-	-	-	-	(992)
Written off	-	-	-	-	(323)	-	(323)
Foreign currency translation differences	-	-	(124)	-	-	-	(124)
At 31 December	320	4,505	12,681	102,632	74,877	5,858	200,873
Net carrying amount	2,117	9,762	38,221	13,178	1,491	122	64,891

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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

Company	Office furniture and fittings RM'000
2019	
Cost	
At 1 January	199
Additions	154
At 31 December	353
Accumulated depreciation	
At 1 January	88
Charge for the financial year	96
At 31 December	184
Net carrying amount	169
2018	
Cost	
At 1 January/At 31 December	199
Accumulated depreciation	
At 1 January	22
Charge for the financial year	66
At 31 December	88
Net carrying amount	111

(a) Certain subsidiary companies are in the process of obtaining the strata titles for certain apartments units included in freehold buildings from the respective developers. The net carrying amounts of those apartment units amounting to RM1,692,000 (2018: RM1,773,000).

(b) Assets pledged as securities to financial institutions

The net carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings granted to the Group as disclosed in Note 25, details as follows:

	Group	
	2019	2018
	RM'000	RM'000
Hotel properties, exhibition centre and showroom	-	247,819
Other properties, plant and equipment	7,009	10,489
	7,009	258,308

(c) Asset held under finance lease

At 31 December 2018, the net carrying amount of other property, plant and equipment of the Group held under finance lease arrangements was RM147,000.

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

Following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of leased assets to right-of-use assets (Note 5).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

5. Right-of-Use Assets

Group 2019	Hotel properties RM'000	Long term leasehold land RM'000	Leasehold building RM'000	Office furniture and fittings, office equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January, as previously reported	-	-	-	-	-	-	-
Effect of adopting MFRS 16	377,976	330,590	16,476	1,509	-	376	726,927
At 1 January, as restated	377,976	330,590	16,476	1,509	-	376	726,927
Additions	-	-	304	2,648	1,788	124	4,864
At 31 December	377,976	330,590	16,780	4,157	1,788	500	731,791
Accumulated depreciation							
At 1 January, as previously reported	-	-	-	-	-	-	-
Effect of adopting MFRS 16	44,450	34,764	4,913	648	-	376	85,151
At 1 January, as restated	44,450	34,764	4,913	648	-	376	85,151
Charge for the financial year	3,399	1,673	1,259	492	358	25	7,206
At 31 December	47,849	36,437	6,172	1,140	358	401	92,357
Accumulated impairment							
At 1 January, as previously reported	-	-	-	-	-	-	-
Effect of adopting MFRS 16	85,707	-	-	-	-	-	85,707
At 1 January, as restated/At 31 December	85,707	-	-	-	-	-	85,707
Net carrying amount	244,420	294,153	10,608	3,017	1,430	99	553,727

(a) The hotel properties, exhibition centre and showroom with an aggregate net carrying amount of RM61,364,000 are pledged as security for borrowings as disclosed in Note 25.

(b) The net carrying amount of other property, plant and equipment of RM3,478,000 are pledged as security for the related lease liabilities.

(c) As at 31 December 2019, the long term leasehold land have unexpired lease period that are within the range from 70 to 174 years. The long term leasehold land with an aggregate carrying amount of RM117,855,000 are pledged as securities for borrowings as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

6. Investment Properties

	Group	
	2019	2018
	RM'000	RM'000
At fair value		
At 1 January	271,640	150,721
Transfer from property, plant and equipment (Note 4)	-	320
Transfer from prepaid land leases payment (Note 7)	-	3,536
Changes in fair value recognised in profit and loss	(500)	117,063
At 31 December	271,140	271,640
Included in the above are:		
At fair value		
Freehold land	24,940	25,440
Leasehold land	130,205	130,205
Buildings	115,995	115,995
	271,140	271,640

(a) Investment properties under leases

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

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

(b) Fair value of investment properties

The investment properties are valued annually at fair value based on market values determined by independent qualified valuers amounting to RM271,140,000 (2018: RM271,640,000). The independent professionally qualified valuers hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

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

	Level 2
	RM'000
Group	
2019	
Investment properties	271,140
2018	
Investment properties	271,640

The decrease in the fair values of RM500,000 (2018: RM117,063,000) has been recognised in the profit or loss during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

6. Investment Properties (Cont'd)

- (c) Income and expenses recognised in profit or loss

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

	Group	
	2019	2018
	RM'000	RM'000
Rental income	23,805	27,974

- (d) Investment properties pledged as securities to financial institutions

Investment properties of the Group amounting to RM180,478,000 (2018: RM180,478,000) have been pledged to secure the borrowings granted to the Group as disclosed in Note 25.

7. Prepaid Land Lease Payments

	Group	
	2019	2018
	RM'000	RM'000
Long term leasehold land		
Cost		
At 1 January	309,963	313,496
Effect of adopting MFRS 16	(309,963)	-
At 1 January, as restated	-	313,496
Additions	-	3
Transfer to investment properties (Note 6)	-	(3,536)
At 31 December	-	309,963
Accumulated amortisation		
At 1 January	14,137	12,284
Effect of adopting MFRS 16	(14,137)	-
At 1 January, as restated	-	12,284
Amortisation for the financial year	-	1,853
At 31 December	-	14,137
Net carrying amount	-	295,826
Amount to be amortised:		
Not later than one year	-	1,673
Later than one year and not later than five years	-	8,365
Later than five years	-	285,788
	-	295,826

As at 31 December 2018, the long term leasehold land have unexpired lease period that are within the range 71 to 175 years. Leasehold land with an aggregate carrying amount of RM120,602,000 are pledged as securities for borrowings.

NOTES TO THE FINANCIAL STATEMENTS

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8. Inventories

	Group	
	2019	2018
	RM'000	RM'000
Non-current		
Land held for property development (Note a)	158,954	201,672
Current		
Property development cost (Note b)	123,646	132,098
Other inventories (Note c)	96,254	83,485
	219,900	215,583
	378,854	417,255

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
Group Cost 2019			
At 1 January	109,312	92,360	201,672
Additions	761	20	781
Transfer to other inventories	-	(1,186)	(1,186)
Transfer to non-current asset held for sale (Note 19)	(26,088)	(16,225)	(42,313)
At 31 December	83,985	74,969	158,954
2018			
At 1 January	114,103	99,682	213,785
Additions	170	-	170
Transfer to other inventories	-	(7,322)	(7,322)
Transfer to property development costs (Note 8(b))	(4,961)	-	(4,961)
At 31 December	109,312	92,360	201,672

Included in land held for property development are certain parcel of land with an aggregate carrying amount of RM15,312,000 (2018: RM15,312,000) for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

The land held for property development of the Group with carrying amount of Nil (2018: RM42,313,000) is pledged as security for bank borrowings granted to the Group as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

8. Inventories (Cont'd)

(b) Property development cost

	Group	
	2019	2018
	RM'000	RM'000
Cumulative property development costs		
At 1 January		
Land costs	123,799	130,037
Development expenditure	489,705	489,705
	613,504	619,742
Transfer from/(to):		
Land held for property development (Note 8(a))	-	4,961
Other inventories	(6,410)	(11,199)
	(6,410)	(6,238)
Cost incurred during the year:		
Development expenditure	8,593	-
At 31 December		
Land costs	117,389	123,799
Development expenditure	498,298	489,705
	615,687	613,504
Less: Cumulative costs recognised in profit or loss		
At 1 January	(481,406)	(454,287)
Recognised during the financial year	(10,635)	(27,119)
At 31 December	(492,041)	(481,406)
Carrying amount		
At 31 December	123,646	132,098

(c) Other inventories

	Group	
	2019	2018
	RM'000	RM'000
At Cost		
Completed property units held for sale	63,484	51,850
Consumable materials	1,892	686
	65,376	52,536
At net realisable value	30,878	30,949
	96,254	83,485
Recognised in profit or loss:		
Inventories recognised as cost of sales	9,312	7,195
Inventories written down	595	-

Other inventories of the Group at carrying amount of RM36,760,000 (2018: RM39,197,000) are charged to a licensed bank as security for borrowings granted to the Group as disclosed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies

	Company	
	2019	2018
	RM'000	RM'000
In Malaysia:		
At cost		
Unquoted shares	220,202	220,202
Redeemable cumulative preference shares	407,282	407,282
	627,484	627,484
Accumulated impairment losses		
At 1 January	(17,886)	(10,733)
Impairment losses recognised	(548,806)	(7,305)
Reversal during the financial year	-	152
At 31 December	(566,692)	(17,886)
	60,792	609,598

During the financial year, the Company conducted a review of the recoverable amounts of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal. An impairment loss amounting to RM548,806,000 (2018: RM7,305,000) was recognised in statements of profit or loss and other comprehensive income and as a result, the investment is fully impaired as at 31 December 2019. The recoverable amounts are determined using the fair value less cost of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		(%) 2019	(%) 2018	
Direct Holding:				
Borneo Heights Sdn. Bhd.	Malaysia	70	70	Property development and property investment
College Heights Utara Sdn. Bhd.	Malaysia	100	100	Property development
Country Heights Commercial Development Sdn. Bhd.	Malaysia	100	100	Investment holding and resort and hotel management
Country Heights Development Sdn. Bhd.	Malaysia	100	100	Property investment
Country Heights eMarketing Services Sdn. Bhd.	Malaysia	100	100	Provision of marketing services
Country Heights Global Ltd. [#]	Labuan	100	100	Dormant
Country Heights Industries Sdn. Bhd.	Malaysia	100	100	Property development and investment holding
Country Heights Properties Sdn. Bhd.	Malaysia	100	100	Property management and holding investment
Country Heights Property Development Berhad	Malaysia	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2019	Effective interest (%) 2018	Principal activities
Direct Holding: (Cont'd)				
Country Heights Resorts & Leisure Sdn. Bhd.	Malaysia	100	100	Resort management and investment holding
Country Heights Resources Management (M) Sdn. Bhd.	Malaysia	100	100	Provision of management services
Country Heights Sdn. Bhd.	Malaysia	100	100	Property development
Country Heights Sea Resort Sdn. Bhd.	Malaysia	100	100	Dormant
Country Heights W.T.C. Sdn. Bhd.	Malaysia	100	100	Investment holding
Golden Horse Palace Berhad	Malaysia	81	81	Ownership and operation of a hotel and provision of health programmes and timeshare membership
Grand Wellness Hub Sdn. Bhd.	Malaysia	100	100	Investment holding
Hasil Cermat Sdn. Bhd.	Malaysia	100	100	Ownership of land held for property development
Magnitude Knight (M) Sdn. Bhd.	Malaysia	100	100	Investment holding
Malaysia Trade & Distribution Centre (Rotterdam) Sdn. Bhd.	Malaysia	100	100	Dormant
Mines Global Holidays & Travel Sdn. Bhd.	Malaysia	60	60	Dormant
Mines Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
Stallion Management Sdn. Bhd.	Malaysia	69	69	Provision of management services
Tadika Sri Moral Sdn. Bhd.	Malaysia	100	100	Provision of education and related services
Tindak Murni Sdn. Bhd.	Malaysia	100	100	Property development
Versatile Champion Sdn. Bhd.	Malaysia	100	100	Property trading
Walum Enterprise Sdn. Bhd.	Malaysia	100	100	Ownership of land held for property development
Indirect Holding:				
Subsidiary company of Borneo Heights Sdn. Bhd.				
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	100	100	Ownership and operation of a golf course and club hotel

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Indirect Holding: (Cont'd)				
Subsidiary companies of Country Heights Properties Sdn. Bhd.				
Country Heights Development Melaka Sdn. Bhd.	Malaysia	100	100	Investment holding and property development
Country Heights Pangsa Rakyat Sdn. Bhd.	Malaysia	100	100	Property investment
Mega Palm Sdn. Bhd.	Malaysia	100	100	Property development
Subsidiary company of Country Heights Development Melaka Sdn. Bhd.				
Country Heights Facility Management Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary companies of Mines Holdings Sdn. Bhd.				
Country Heights Health Tourism Sdn. Bhd.	Malaysia	57	65	Provision of private medical care facilities and services and medical related facilities and services to the public
KHU Property Management Sdn. Bhd.	Malaysia	100	100	Dormant
Kin No Uma Sdn. Bhd.	Malaysia	100	100	Dormant
Mines Wellness Hotel Berhad	Malaysia	100	100	Ownership and operator of a hotel and also in the business of selling private healthcare memberships
OnesCentral Big Data Technology Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary companies of Grand Wellness Hub Sdn. Bhd.				
Mines International Exhibition Centre Sdn. Bhd.	Malaysia	100	100	Investment holding, manager of exhibition centre and conventions and provision of catering services
Mines Shopping Fair Sdn. Bhd.	Malaysia	100	100	Letting of promotion space
Mines Waterfront Business Park Sdn. Bhd.	Malaysia	100	100	Letting of office space
Subsidiary companies of Mines International Exhibition Centre Sdn. Bhd.				
Mines Events Sdn. Bhd.	Malaysia	100	100	Provision of exhibition space

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest (%) 2019	Effective interest (%) 2018	Principal activities
Indirect Holding: (Cont'd)				
Subsidiary companies of Mines International Exhibition Centre Sdn. Bhd. (Cont'd)				
Gegar Raya Sdn. Bhd. (formerly known as Mines Auto Solutions Sdn. Bhd.)	Malaysia	100	-	Event management
Mines Auto Capital Sdn. Bhd.	Malaysia	100	-	Dormant
Subsidiary company of Country Heights Resorts & Leisure Sdn. Bhd.				
Mines Premium Sdn. Bhd.	Malaysia	100	100	Solutions provider and promotion activities
Subsidiary company of Golden Horse Palace Berhad				
Mines Marketing Sdn. Bhd.	Malaysia	100	100	Marketer in all aspects of health screening, timeshare memberships and palm oil membership
Subsidiary company of Mines Marketing Sdn. Bhd.				
Mines Global Holidays Sdn. Bhd.	Malaysia	100	50	Travel agents and tour operators and to provide facilities in travelling and touring to travellers and tourist
Subsidiary company of Country Heights Health Tourism Sdn. Bhd.				
GHHS Wellness Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary companies of Country Heights Property Development Berhad				
Endless Gain Sdn. Bhd.	Malaysia	100	100	Ownership of property held for rental purposes
Profound Concept Sdn. Bhd.	Malaysia	100	100	Property investment
Subsidiary company of Endless Gain Sdn. Bhd.				
Natural Circle (M) Sdn. Bhd.	Malaysia	99.98	99.98	Ownership of property held for rental purposes
Subsidiary companies of Magnitude Knight (M) Sdn. Bhd.				
Country Heights Pecanwood Boat Club (Pty) Ltd*	South Africa	100	100	Ownership and operator of boat club
Country Heights Pecanwood Golf & Country Club (Pty) Ltd*	South Africa	100	100	Ownership and operator of golf estate club

* Subsidiary companies not audited by UHY

No auditors are required to be appointed for this dormant company

NOTES TO THE FINANCIAL STATEMENTS

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9. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non- controlling interest:

Name of company 2019	Proportion of ownership interest and voting interest held by non-controlling interest %	Loss allocated to non-controlling interest RM'000	Accumulated non-controlling interest RM'000
Borneo Heights Sdn. Bhd. ("BHSB")	30.00	(758)	(11,205)
Golden Horse Palace Berhad ("GHPB")	19.10	(5,152)	25,006
Stallion Management Sdn. Bhd. ("SMSB")	31.00	(2)	(347)
Country Heights Health Tourism Sdn. Bhd. ("CHHT")	42.98	2,026	1,762
Individually immaterial subsidiary companies with non-controlling interest			(956)
Total non-controlling interest			14,260
2018			
Borneo Heights Sdn. Bhd. ("BHSB")	30.00	(609)	(10,447)
Golden Horse Palace Berhad ("GHPB")	19.10	(1,229)	30,158
Stallion Management Sdn. Bhd. ("SMSB")	31.00	(594)	(345)
Country Heights Health Tourism Sdn. Bhd. ("CHHT")	35.00	182	(264)
Individually immaterial subsidiary companies with non-controlling interest			(270)
Total non-controlling interest			18,832

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies (Cont'd)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below.:

(i) Summarised statements of financial position

	Group							
	BHSB		GHPB		SMSB		CHHT	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	61,520	61,926	210,493	211,473	-	2	5,862	5,564
Current assets	16,901	17,576	42,713	40,755	-	-	7,237	3,226
Non-current liabilities	(15)	-	(185,069)	(182,474)	-	-	(8,444)	(7,069)
Current liabilities	(118,942)	(117,511)	(74,468)	(49,151)	(1,127)	(1,124)	(5,609)	(5,327)
Net assets	(40,536)	(38,009)	(6,331)	20,603	(1,127)	(1,122)	(954)	(3,606)

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

	Group							
	BHSB		GHPB		SMSB		CHHT	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,392	1,523	37,832	32,990	-	-	21,541	16,436
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	(2,527)	(2,031)	(26,974)	(6,435)	(6)	(1,914)	4,713	606

(iii) Summarised statements of cash flows

	Group							
	BHSB		GHPB		SMSB		CHHT	
	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/generated from operating activities	(635)	(72)	2,859	120	(3)	-	2,608	1,782
Net cash (used in)/generated from investing activities	(66)	238	(21,255)	36,697	-	-	(1,874)	15,231
Net cash generated/(used in) from financing activities	652	(543)	17,949	(37,331)	3	-	(2,043)	(16,234)
Net (decrease)/increase in cash and cash equivalents	(50)	(377)	(446)	(514)	-	-	(1,309)	779

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

9. Investment in Subsidiary Companies (Cont'd)

(b) Acquisitions of subsidiary companies

- (i) On 24 May 2019, Mines International Exhibition Centre Sdn. Bhd. ("MIEC") incorporated a new subsidiary company, Gegar Raya Sdn. Bhd. (formerly known as Mines Auto Solutions Sdn. Bhd.) ("MAS") at equity interest of 90% for the cash subscription of RM9. On 18 September 2019, MIEC acquired remaining 10% equity interest in MAS. With the above acquisition, MAS become a wholly-owned indirect interest subsidiary company of the Company.
- (ii) On 29 November 2018, MIEC had subscribed 2 ordinary shares, representing 40% equity interest in Mines Auto Capital Sdn. Bhd. ("MAC") for a cash consideration of RM2. On 7 November 2019, MIEC acquired the remaining 60% equity interest in MAC. With the acquisition, MAC become has wholly-owned indirect interest subsidiary company of the Company.

(c) Changes in non-controlling interests

- (i) Country Heights Health Tourism Sdn. Bhd. ("CHHT")

On 19 June 2019, 15 August 2019 and 10 October 2019, Mines Holdings Sdn. Bhd., a wholly-owned subsidiary company of the Company, disposed of 7.98% equity interest in CHHT for a total consideration of RM418,000, decreasing its ownership from 65% to 57.02%.

The effect of changes in equity interest in CHHT that is attributable to owners of the Company:

	2019 RM'000
Carrying amount of non-controlling interest disposed	765
Consideration received from non-controlling interest	(418)
Decrease in parents' equity	347

In previous financial year

On 16 May 2018, Mines Holdings Sdn. Bhd., a wholly-owned subsidiary company of the Company, disposed of 5% equity interest in CHHT for a total consideration of RM250,000, decreasing its ownership from 70% to 65%.

The effect of changes in equity interest in CHHT that is attributable to owners of the Company:

	2018 RM'000
Carrying amount of non-controlling interest disposed	615
Consideration received from non-controlling interest	(250)
Decrease in parents' equity	365

- (ii) Mines Global Holidays Sdn. Bhd. ("MGH")

On 20 February 2019, Mines Marketing Sdn. Bhd., a wholly-owned subsidiary company of Golden Horse Palace Berhad, acquired the remaining 300,000 ordinary shares representing 50% of the total paid-up share capital of MGH for a total cash consideration of RM1. With the acquisition, MGH become a wholly-owned indirect subsidiary company of the Company.

The effect of changes in equity interest in MGH that is attributable to owners of the Company:

	2019 RM'000
Carrying amount of non-controlling interest disposed	98
Consideration paid to non-controlling interest	*
Decrease in parents' equity	98

* Denoted at RM1

There were no acquisition in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

10. Investment in Associates

	Group	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares in Malaysia	249	247
Share of post-acquisition loss	(2)	-
	247	247
Less: Accumulated impairment losses	(247)	(247)
	-	-

Details of the associate companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		(%) 2019	(%) 2018	
Simplex Design Sdn. Bhd. ("SDSB")**	Malaysia	47.5	47.5	Interior designing, renovation, construction and other related services
AsiaAuto Venture Sdn. Bhd. ("AAVSB")*	Malaysia	20	-	Dormant

* Associate company not audited by UHY

Simplex Design Sdn. Bhd. has a financial year end at 30 June. For the purpose of applying the equity method of accounting, audited financial statements of Simplex Design Sdn. Bhd. for the year ended 30 June 2019 have been used and appropriate adjustments have been made for the effects of the significant transaction between 1 July 2019 and 31 December 2019.

On 26 July 2019, Mines International Exhibition Centre Sdn. Bhd., an indirect interest subsidiary company of the Company, subscribed shares in a new associate, AsiaAuto Venture Sdn. Bhd. at equity interest of 20% for a cash consideration of RM2,000.

Summarised financial information of the Group's associates, SDSB and AAVSB is set out below:

(a) Summarised statements of financial position

	Group			
	SDSB		AAVSB	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
As at 31 December				
Non-current assets	30	25	4	-
Current assets	1,330	1,296	81	-
Current liabilities	(2,093)	(1,647)	(219)	-
Net liabilities	(733)	(326)	(134)	-
Group's share of net liabilities	(348)	(155)	(27)	-
Unrecognised share of loss	348	155	27	-
Carrying value of Group's interest in associates	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

10. Investment in Associates (Cont'd)

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

	SDSB		Group		AAVSB	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss for the financial year, representing total comprehensive income for the financial year	(59)	(829)	(294)	-		

11. Investment in a Joint Venture

	Group	
	2019 RM'000	2018 RM'000
At cost		
Unquoted shares in Malaysia	*	-
Share of post-acquisition loss	*	-
	-	-

* Denoted at RM50

On 15 January 2019, Mines International Exhibition Centre Sdn. Bhd., an indirect interest subsidiary company of the Company, subscribed shares in a new joint venture, Asia GT Festival Sdn. Bhd. at equity interest of 50% for the cash consideration RM50.

Details of the joint venture company are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		(%) 2019	(%) 2018	
Asia GT Festival Sdn. Bhd.	Malaysia	50	-	Engaged in business as professional event management services providers, producers, organisers, advisers and consultants

(a) Summarised statement of financial position

	Group	
	2019 RM'000	2018 RM'000
As at 31 December		
Non-current assets	15	-
Current assets	139	-
Current liabilities	(3,159)	-
Net liabilities	(3,005)	-
Group's share of net liabilities	(1,503)	-
Unrecognised share of loss	1,503	-
Carrying value of Group's interest in joint ventures	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

11. Investment in a Joint Venture (Cont'd)

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

	Group 2019 RM'000	2018 RM'000
Loss for the financial year, representing total comprehensive loss for the financial year	(3,005)	-

12. Other Investments

	Group 2019 RM'000	2018 RM'000	Company 2019 RM'000	2018 RM'000
Financial assets measured at fair value through other comprehensive income				
Unquoted shares in Malaysia				
At 1 January/31 December	2,000	2,000	-	-
Membership, at cost				
At 1 January	734	734	718	718
Less: Impairment losses	(16)	-	-	-
At 31 December 2019	718	734	718	718
Carrying amount				
At 31 December	2,718	2,734	718	718

Movements in the allowance for impairment losses are as follows:

	Group 2019 RM'000	2018 RM'000	Company 2019 RM'000	2018 RM'000
At 1 January	-	-	-	-
Impairment losses recognised	16	-	-	-
At 31 December	16	-	-	-

13. Trade Receivables

	Group 2019 RM'000	2018 RM'000
Non-current asset		
Trade receivables	7,138	6,912
Current asset		
Trade receivables	52,129	44,784
Less: Accumulated impairment losses	(34,017)	(27,018)
At 31 December	18,112	17,766

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2018: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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13. Trade Receivables (Cont'd)

Included in trade receivables:

(i) Trade receivables – current

Trade receivables, which are non-interest bearing, are due within one year except for those relating to the instalment scheme mentioned in trade receivables – non-current.

(ii) Trade receivables - non-current

Trade receivables - non-current represent amounts that are expected to be collected after twelve months from the end of the reporting period, pursuant to instalment plans of 12 months to 60 months granted in respect of timeshare programme memberships and health programme memberships.

Movements in the allowance for impairment losses are as follows:

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	27,018	22,096
Effect of adopting MFRS 9	-	4,224
Impairment losses recognised	12,376	4,517
Amounts written off	(1,679)	(633)
Impairment losses reversed	(3,698)	(3,186)
At 31 December	34,017	27,018

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

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

	Gross amount	Loss allowance	Net amount
	RM'000	RM'000	RM'000
Group			
2019			
Neither past due nor impaired	12,983	(83)	12,900
Past due not impaired:			
Less than 30 days	1,007	(168)	839
31 to 60 days	1,274	(28)	1,246
61 to 90 days	903	(19)	884
More than 90 days	4,883	(2,640)	2,243
	8,067	(2,855)	5,212
Credit impaired:	21,050	(2,938)	18,112
Individual impaired	31,079	(31,079)	-
	52,129	(34,017)	18,112

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31 DECEMBER 2019

13. Trade Receivables (Cont'd)

The aged analysis of trade receivables as at the end of the reporting period: (Cont'd)

	Gross amount RM'000	Loss allowance RM'000	Net amount RM'000
Group			
2018			
Neither past due nor impaired	-	-	-
Past due not impaired:			
Less than 30 days	3,025	(1,398)	1,627
31 to 60 days	1,471	(921)	550
61 to 90 days	589	(472)	117
More than 90 days	12,681	(5,950)	6,731
	17,766	(8,741)	9,025
	17,766	(8,741)	9,025
Credit impaired:			
Individual impaired	27,018	(18,277)	8,741
	44,784	(27,018)	17,766

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

As at 31 December 2019, trade receivable of RM5,212,000 (2018: RM17,766,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM31,079,000 (2018: RM18,277,000), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

14. Deferred Tax Assets/(Liabilities)

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

	Group 2019 RM'000	2018 RM'000
Deferred tax assets	(26,046)	(26,166)
Deferred tax liabilities	124,931	125,059
	98,885	98,893
At 1 January	98,893	71,332
Recognised in profit or loss	(8)	27,561
At 31 December	98,885	98,893

NOTES TO THE FINANCIAL STATEMENTS

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14. Deferred Tax Assets/(Liabilities) (Cont'd)

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

	Group	
	2019	2018
	RM'000	RM'000
Deferred tax assets:		
Property development costs		
At 1 January	(3,737)	(5,876)
Recognised in profit or loss	(98)	2,139
At 31 December	(3,835)	(3,737)
Unutilised tax losses		
At 1 January	(22,113)	(32)
Recognised in profit or loss	(98)	(22,081)
At 31 December	(22,211)	(22,113)
Others		
At 1 January	(316)	(182)
Recognised in profit or loss	316	(134)
At 31 December	-	(316)
	(26,046)	(26,166)
Deferred tax liabilities:		
Investment properties		
At 1 January	27,660	481
Recognised in profit or loss	(25)	27,179
At 31 December	27,635	27,660
Revaluation of assets		
At 1 January	75,914	75,837
Recognised in profit or loss	-	77
At 31 December	75,914	75,914
Land held for property development		
At 1 January/31 December	1,028	1,028
Accelerated capital allowances		
At 1 January	20,457	76
Recognised in profit or loss	(103)	20,289
Under provision in prior year	-	92
At 31 December	20,354	20,457
	124,931	125,059

NOTES TO THE FINANCIAL STATEMENTS

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14. Deferred Tax Assets/(Liabilities) (Cont'd)

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	105,416	98,703	74	74
Unutilised capital allowances	98,155	90,562	10	10
	203,571	189,265	84	84

With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The unutilised capital allowances does not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset.

15. Other Receivables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other receivables	24,384	19,144	1,357	1,039
Less : Accumulated impairment losses	(8,835)	(4,660)	(697)	(296)
	15,549	14,484	660	743
Deposits	3,100	5,510	13	13
Prepayments	2,277	5,428	614	3,935
	20,926	25,422	1,287	4,691

Movements in allowance for impairment losses are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,660	2,799	296	364
Impairment losses recognised	5,549	1,861	697	-
Impairment losses reversed	(439)	-	(296)	(68)
Amount written off	(935)	-	-	-
At 31 December	8,835	4,660	697	296

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

16. Amount Due from/(to) Subsidiary Companies

	Company	
	2019	2018
	RM'000	RM'000
Amount due from subsidiary companies:		
Non-trade related	74,310	3,423
Less: Accumulated impairment losse	(52,499)	-
	21,811	3,423
Amount due to subsidiary companies:		
Non-trade related	128,399	(59,546)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2019	2018
	RM'000	RM'000
At 1 January	-	19
Impairment losses recognised	52,499	-
Impairment losses reversed	-	(19)
At 31 December	52,499	-

During the financial year, due to declining business operations of the subsidiary companies, the Company carried out a review of the recoverable amounts. The recoverable amounts are determined using the fair value less cost of disposal approach. The fair value are within level 3 of the fair value hierarchy. Impairment losses amounting to RM52,499,000 (2018: Nil) was recognised during the financial year.

Non-trade balances are unsecured, non-interest bearing, and are repayable on demand.

17. Fixed Deposits with Licensed Banks

The interest rates of fixed deposits of the Group ranging from 2.95% to 3.25% (2018: 3.00% to 3.50%) per annum and the maturities of deposits are ranging from 30 to 365 days (2018: 30 to 365 days).

The fixed deposits of the Group at amount of RM1,917,000 (2018: RM1,475,900) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to the Group as disclosed in Note 23.

18. Cash and Bank Balances

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances				
- Housing Development Accounts	1,561	605	-	-
- Others	9,085	8,936	1,732	610
	10,646	9,541	1,732	610

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

18. Cash and Bank Balances (Cont'd)

Included in cash and bank balances is an amount of RM2,888,000 (2018: RM2,679,000) held under trust account pursuant to trust deeds in relation to a timeshare membership scheme of a subsidiary company.

19. Non-current Asset Held for Sale

	Group	
	2019	2018
	RM'000	RM'000
At carrying amount		
As at 1 January	-	-
Transfer from land held for property development (Note 8(a))	42,313	-
As at 31 December	42,313	-

On 6 November 2019, Mega Palm Sdn. Bhd., an indirect interest subsidiary company of the Company, entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of certain land held for property development for a total cash consideration of RM54,250,000. As at 31 December 2019, the condition precedent as set out in the SPA have yet to be fulfilled by the purchaser.

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2019	2018	2019	2018
	Units'000	Units'000	RM'000	RM'000
Ordinary shares with no par value				
Issued and fully paid:				
At 1 January/At 31 December	275,707	275,707	352,006	352,006

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by Group, all rights are suspended until those shares are reissued.

21. Treasury Shares

	Group and Company	
	2019	2018
	RM'000	RM'000
Treasury shares		
At 1 January/31 December	2,914	2,914

Treasury shares represent ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sales or issuance.

NOTES TO THE FINANCIAL STATEMENTS

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22. Reserves

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non distributable					
Revaluation reserve	(a)	137,296	138,961	-	-
Investment revaluation reserve	(b)	57	57	-	-
Warrant reserve	(c)	62,645	62,645	62,645	62,645
Other reserve	(d)	(62,645)	(62,645)	(62,645)	(62,645)
Foreign currency translation reserve	(e)	(8,064)	(8,597)	-	-
		129,289	130,421	-	-
Distributable					
Retained earnings		343,539	376,852	(542,187)	66,902
		472,828	507,273	(542,187)	66,902

(a) Revaluation reserve

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

(b) Investment revaluation reserve

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

(c) Warrant reserve

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

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

The salient features of the warrant is as follows:

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

As at 31 December 2019, the total number of the warrants remain unexercised were 136,778,701.

(d) Other reserve

This represents fair value allocated to the free warrants issued pursuant of bonus issue of warrants refer to Note 22(c).

(e) Foreign currency translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

23. Contract Liabilities

	Group 2019 RM'000	2018 RM'000
Non-current		
Contract liabilities		
Deferred income:	39,664	39,317
Current		
Contract liabilities		
Property development activities	1,468	5,444
Deferred income	2,076	1,669
	3,544	7,113
Contract liabilities	43,208	46,430

(a) Deferred income represents the deferred portion of membership fees of a timeshare scheme operated by the Group which is recognised over the membership period of the scheme.

(b) Property development activities

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

24. Other Payables

	Group 2019 RM'000	2018 RM'000	Company 2019 RM'000	2018 RM'000
Non-current liabilities				
Other payables	2,122	1,736	-	-
Current liabilities				
Other payables	62,051	48,580	12,943	12,367
Accruals	21,764	18,598	485	254
Deposits	30,095	10,574	-	-
	113,910	77,752	13,428	12,621

Included in other payables is an amount of RM28,705,000 (2018: RM19,709,000) due to companies in which certain Directors of the Company have interest are inclusive of:

- (i) Cash payment portion of the purchase consideration amounting to RM11,214,000 (2018: RM11,214,000) constituting a tax retention sum payable by the Company directly to the Inland Revenue Board pursuant to the terms of acquisition of various property and leisure related interests and assets from companies in which Tan Sri Lee Kim Tiong @ Lee Kim Yew, a Director of the Company, has controlling interest;
- (ii) An amount of RM590,000 (2018: RM590,000) due to Tan Sri Lee Kim Tiong @ Lee Kim Yew and Puan Sri Tan Bee Hong, spouse of a Director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew.

Included in deposits is an amount of RM20,000,000 (2018: Nil) relating to earnest deposit received for disposal of non-current asset held for sale as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

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25. Loans and Borrowings

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Secured				
Term loans (Note a)	105,942	104,113	35,000	25,000
Bank overdrafts (Note b)	9,890	20,891	9,890	9,910
	115,832	125,004	44,890	34,910
Unsecured				
Term loans (Note a)	101,935	99,794	92,887	99,794
Finance lease liabilities (Note c)	-	133	-	-
	101,935	99,927	92,887	99,794
	217,767	224,931	137,777	134,704
Non-current				
Term loans (Note a)	143,334	182,970	67,887	107,294
Finance lease liabilities (Note c)	-	82	-	-
	143,334	183,052	67,887	107,294
Current				
Term loans (Note a)	64,543	20,937	60,000	17,500
Finance lease liabilities (Note c)	-	51	-	-
Bank overdrafts (Note b)	9,890	20,891	9,890	9,910
	74,433	41,879	69,890	27,410
	217,767	224,931	137,777	134,704

The average effective interest rates per annum are as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Term loans	4.60 - 8.10	4.60 - 11.00	6.65	4.60 - 11.00
Financial lease liabilities	Nil	2.38 - 7.18	Nil	Nil
Bank overdrafts	8.60	7.10 - 9.15	8.60	9.15

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

25. Loans and Borrowings (Cont'd)

(a) Term loans

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
<u>Secured</u>				
RM1,733,000 facility	123	117	-	-
RM82,700,000 facility	4,420	3,320	-	-
RM25,000,000 facility	-	17,500	-	17,500
	4,543	20,937	-	17,500
<u>Unsecured</u>				
RM84,452,000 facility	60,000	-	60,000	-
Total secured and unsecured current term loans	64,543	20,937	60,000	17,500
Non-current liabilities				
<u>Secured</u>				
RM35,000,000 facility	35,000	-	35,000	-
RM1,733,000 facility	768	898	-	-
RM15,000,000 facility	-	3,026	-	-
RM82,700,000 facility	65,631	71,752	-	-
RM25,000,000 facility	-	7,500	-	7,500
	101,399	83,176	35,000	7,500
<u>Unsecured</u>				
RM5,700,000 facility	5,700	-	-	-
RM1,700,000 facility	1,700	-	-	-
RM1,648,000 facility	1,648	-	-	-
RM84,452,000 facility	32,887	99,794	32,887	99,794
	41,935	99,794	32,887	99,794
Total secured and unsecured non-current term loans	143,334	182,970	67,887	107,294
Total term loans	207,877	203,907	127,887	124,794

- (i) A term loan facility of RM1,733,000 granted to a subsidiary company, Golden Horse Palace Berhad, is secured by a first party charge over a property in London, England known as (Plot 4.03) Flat 41, Bezier Apartment, 91 City Road, London EC1Y 1AF held under title no. NGL886853, with carrying value of RM1,891,000 (2018: RM1,937,000).
- (ii) A term loan facility of RM15,000,000 granted to a subsidiary, Mega Palm Sdn. Bhd. is secured by the following:
- (a) First party legal charge over a parcel of residential land with a total land area of 54,211 square metres (583,522 square feet) held under title no. GRN 72272, Lot 65630 located within Country Heights Damansara, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur as disclosed in Note 8; and
- (b) Corporate guarantee by the Company.

The term loan is settled during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

25. Loans and Borrowings (Cont'd)

(a) Term loans (Cont'd)

- (iii) An Islamic term financing of RM82,700,000 and an Islamic bridging financing of RM17,300,000 granted to a subsidiary, Mines Waterfront Business Park Sdn. Bhd., is secured by the following:
 - (a) First party legal charge over a leasehold land located in Mukim and District Petaling and State of Selangor ("the Project Land") together with the unsold portion of 5 office blocks in Phase 1, two blocks of partially completed podium parking together with retail area and vacant commercial land all forming part of the Project Land, with carrying value of RM7,009,000, RM100,478,000 and RM82,763,000 (2018: RM7,157,000, RM100,478,000 and RM82,763,000) as disclosed in Notes 4, 6 and 8; and
 - (b) Third party first legal charge over a leasehold land and building known as Malaysia International Exhibition & Convention Centre, held under title HSD 59893, P.T. No 16721, Mukim of Petaling, District of Petaling, Selangor, with carrying value of RM61,364,000 and RM117,855,000 (2018: RM62,216,000 and RM119,492,000).
- (iv) A foreign term loan facility of SGD11,500,000 which is equivalent to RM35,000,000 to the Company, is secured by the following:
 - (a) Personal Guarantee in favour of the Company to be executed by Tan Sri Lee Kim Tiong @ Lee Kim Yew in such form and substance acceptable to the Company to inter-alia guarantee and secure repayment of the principal sum of up to RM35,000,000 only together with the interest thereon; and
 - (b) Third party 1st legal charge under the National Land Code created in favour of the Company by Country Heights Commercial Development Sdn. Bhd. over all that place of freehold land held under Geran 122934, Lot 37653 Bandar Country Height, Daerah Ulu Langat, Negeri Selangor as disclosed in Notes 8(c); and
 - (c) Third party legal charge under the National Land Code over 12 pieces of leasehold land located at Pekan Baru Sungai Besi held by a subsidiary company, Walum Enterprise Sdn. Bhd. with carrying value of RM1,205,000 (2018: RM1,205,000) as disclosed in Note 8(c); and
 - (d) First legal charge under the National Land Code over 10 pieces of freehold land located at Daerah Hulu Langat, Negeri Selangor held by a subsidiary company, Country Heights Sdn. Bhd. with carrying value of RM658,000 (2018: RM658,000) as disclosed in Note 8(c).
- (v) Tan Sri Lee Kim Tiong @ Lee Kim Yew granted to the Company a short-term interest-free loan of RM84,451,795, of which RM75,000,000 was used to partially redeem RM150,000,000 3% to 8% Redeemable Secured Bonds, which have granted a grace period of 45 days from 21 January 2020 for parties to finalise the terms and condition of the fresh arrangement for repayment of the balance loan, which will fall on 6 March 2020.

The repayment of the balance loan shall by the following:

- (i) The sum of RM60,000,000 to be extended for six months from 7 March 2020 until 6 September 2020, with an option to renew subject to agreement between the Lender and the Company; and
 - (ii) The sum of RM32,847,000 to be extended for another 12 months from 7 March 2020 until 6 March 2021.
- (vi) A term loan facility of RM25,000,000 to the Company is secured by the following:
- (a) First legal charge under the National Land Code over 10 pieces of freehold land located at Daerah Hulu Langat, Negeri Selangor held by a subsidiary company, Country Heights Sdn. Bhd. with carrying value of RM658,000 (2018: RM658,000) as disclosed in Note 8(c);
 - (b) Third party legal charge under the National Land Code over 12 pieces of leasehold land located at Pekan Baru Sungai Besi held by a subsidiary company, Walum Enterprise Sdn. Bhd. with carrying value of RM1,205,000 (2018: RM1,205,000) as disclosed in Note 8(c).
 - (c) Third party 1st legal charge under the National Land Code created in favour of the Company by Country Heights Commercial Development Sdn. Bhd. over all that place of freehold land held under Geran 122934, Lot 37653 Bandar Country Height, Daerah Ulu Langat, Negeri Selangor as disclosed in Note 8(c).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

25. Loans and Borrowings (Cont'd)

(a) Term loans (Cont'd)

(vi) A term loan facility of RM25,000,000 to the Company is secured by the following: (Cont'd)

- (d) Personal Guarantee in favour of the Company to be executed by Tan Sri Lee Kim Tiong @ Lee Kim Yew in such form and substance acceptable to the Company to inter alia guarantee and secure repayment of the principal sum of up to RM25,000,000 only together with the interest thereon.

The term loan is settled by refinancing with new foreign term loan as disclosed in Note 25(a)(iv).

(vii) A loan facility of RM5,700,000, RM1,700,000 and RM1,648,000 from a licensed money lender, details as follows:

- (a) The loan is borrowed from a licensed money lender in which certain Directors of the Company have substantial interest; and
- (b) The loan is unsecured and bear interest at rate of 8% (2018: Nil) per annum. The loan is repayable at lump sum by end of 12 months period from the money lending agreement dated 25 March 2019. On 23 March 2020, the loan rescheduled for another 12 month, which will be due on 25 March 2021 based on the same interest rate of 8% per annum.

(b) Bank overdrafts

The bank overdrafts include the following:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<u>Secured</u>				
RM1,700,000 facility	-	1,694	-	-
RM10,000,000 facility	-	9,287	-	-
RM15,000,000 facility	9,890	9,910	9,890	9,910
	9,890	20,891	9,890	9,910

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

(i) Overdraft facility of RM1,700,000 granted to a subsidiary, Country Heights W.T.C. Sdn. Bhd. was secured by the following:

- (a) Deposit of the original clubhouse title held under Lot 24731 Pajakan Negeri 7211, HSD 22918, Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan; and
- (b) Corporate guarantee by the Company.

The bank overdraft was settled during the year.

(ii) Overdraft facility of RM10,000,000 granted to a subsidiary, Mega Palm Sdn. Bhd., was secured by the following:

- (a) First party legal charge over a parcel of residential land located at Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, with carrying value of RM42,313,000 (2018: RM42,313,000), as disclosed in Note 8; and
- (b) Corporate guarantee by the Company.

The bank overdraft was settled during the year.

(iii) Overdraft facility of RM15,000,000 granted to the Company, was secured by a third party legal charge over 18 parcels of freehold land located at Mukim Kajang Daerah Hulu Langat, Negeri Selangor held by a subsidiary company, Country Heights Sdn. Bhd. with carrying value of RM1,398,000 (2018: RM1,398,000), as disclosed in Note 8(c).

NOTES TO THE FINANCIAL STATEMENTS

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25. Loans and Borrowings (Cont'd)

(c) Financial lease liabilities

	Group	
	2019	2018
	RM'000	RM'000
Minimum lease payments		
Within one year	-	54
Later than one year and not later than two years	-	86
	-	140
Less: Future finance charges	-	(7)
Present value of finance lease liabilities	-	133
Present value of minimum lease payments:		
Within one year	-	51
Later than one year and not later than two years	-	82
	-	133

In the previous financial year, the Group leases property, plant and equipment under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

26. Lease Liabilities

	Group	
	2019	2018
	RM'000	RM'000
At 1 January	-	-
Effect of adopting MFRS 16	2,579	-
At 1 January, as restated	2,579	-
Additions	5,836	-
Payments	(1,883)	-
At 31 December	6,532	-
Presented as:		
Non-current	3,282	-
Current	3,250	-
	6,532	-

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26. Lease Liabilities (Cont'd)

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2019	2018
	RM'000	RM'000
Within one year	3,528	-
Later than one year and not later than two years	1,729	-
Later than two years and not later than five years	2,148	-
	7,405	-
Less: Future finance charges	(873)	-
Present value of lease liabilities	6,532	-

The Group leases various land and buildings, office furniture and fittings, plant, machinery and equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

27. Trade Payables

Credit terms of trade payables of the Group ranged from 30 to 45 days (2018: 30 to 45 days). Other credit terms are approved on case-by-case basis.

Included in trade payables are as follows:

- (i) retention sum of RM5,216,000 (2018: RM4,719,000); and
- (ii) an amount of NIL (2018: RM2,324,000) due to companies in which certain Directors of the Company have interest.

28. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contract customers:				
- Property development	9,685	19,636	-	-
- Hospitality and health	61,226	53,540	-	-
	70,911	73,176	-	-
Revenue from other sources:				
- Property investment	21,300	17,460	-	-
	21,300	17,460	-	-
	92,211	90,636	-	-

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28. Revenue (Cont'd)

	Property development RM'000	Hospitality and health RM'000	Property investment RM'000	Total RM'000
2019				
Timing of revenue recognition:				
At a point in time	-	-	21,300	21,300
Over time	9,685	61,226	-	70,911
Total revenue with customers	9,685	61,226	21,300	92,211
2018				
Timing of revenue recognition:				
At a point in time	-	-	17,460	17,460
Over time	19,636	53,540	-	73,176
Total revenue with customers	19,636	53,540	17,460	90,636

29. Finance Costs

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense on:				
- Bank overdraft	1,023	1,486	23	17
- Finance lease liabilities	-	17	-	-
- Term loans	10,182	7,568	1,769	-
- Lease liabilities	245	-	-	-
- Others	590	8	-	1
	12,040	9,079	1,792	18

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30. (Loss)/Profit Before Tax

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amortisation of:				
- debt issuance costs	-	80	-	-
- deferred income	(1,180)	(1,180)	-	-
- prepaid land lease payment	-	1,853	-	-
- right-of-use assets	7,206	-	-	-
Auditors' remuneration:				
- statutory audit	296	258	58	58
- non-audit services	18	16	-	-
Bad debts written off	2,182	633	288	74
Depreciation of property, plant and equipment	5,252	9,463	96	66
Fair value adjustments on trade receivables	273	83	-	-
Fair value loss/(gain) on investment properties	500	(117,063)	-	-
Impairment loss on:				
- investment in subsidiary companies	-	-	548,806	7,305
- other investments	16	-	-	-
- trade receivables	12,376	4,517	-	-
- other receivables	5,549	1,861	697	-
- amount due from subsidiary companies	-	-	52,499	-
Inventory written off	595	-	-	-
Lease expenses relating to short-term leases	263	-	-	-
Lease expenses relating to low-value assets	266	-	-	-
Non-executive directors' remuneration:				
- fees	96	56	160	56
- other emoluments	-	49	-	49
Property, plant and equipment written off	1,814	16	-	-
Rental of equipments	-	293	-	-
Rental of premises	-	583	-	-
Share of result of an associate	2	-	-	-
Unrealised loss on foreign exchange	392	42	-	-
Bad debt recovered	(316)	(528)	-	-
Dividend income	(200)	(150)	-	-
Gain on disposal of property, plant and equipment	(30)	(5)	-	-
Interest income:				
- short-term deposits	(136)	(113)	-	-
- other	(89)	(32)	-	-
Rental income	(2,505)	(10,514)	-	-
Reversal of impairment loss on:				
- investment in subsidiary companies	-	-	-	(152)
- trade receivables	(3,698)	(3,186)	-	-
- other receivables	(439)	-	(296)	(68)
- amount due from subsidiary companies	-	-	-	(19)
Waiver of tax penalty expenses	-	(4,870)	-	(3)

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31. Taxation

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Current year tax provision	1,624	1,219	-	-
(Over)/Under provision in prior years	(798)	(8,171)	3,217	43
	826	(6,952)	3,217	43
Deferred taxation				
Origination and reversal of temporary differences	19	27,390	-	-
(Over)/Under provision in prior years	(27)	171	-	-
	(8)	27,561	-	-
Tax expenses for the financial year	818	20,609	3,217	43

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(38,523)	104,937	(605,872)	(8,375)
At Malaysia statutory tax rate of 24% (2018: 24%)	(9,246)	25,185	(145,409)	(2,010)
Income not subject to tax	(681)	(3,029)	-	-
Expenses not deductible for tax purposes	8,137	3,206	145,409	2,010
Utilisation of previously unrecognised deferred tax assets	(884)	-	-	-
Deferred tax assets not recognised	4,317	3,247	-	-
(Over)/Under provision of taxation in previous years	(798)	(8,171)	3,217	43
Under/(Over) provision of deferred tax in previous years	(27)	171	-	-
Tax expense for the financial year	818	20,609	3,217	43

The Group and the Company have the following estimated unutilised tax losses and unutilised capital allowances available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	197,961	190,842	74	74
Unutilised capital allowances	98,155	90,562	10	10
	296,116	281,404	84	84

NOTES TO THE FINANCIAL STATEMENTS

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32. (Loss)/Earning Per Share

(a) Basic (loss)/earning per share

The basic loss/earning per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2019 RM'000	2018 RM'000
(Loss)/Profit attributable to owners of the parent	(34,600)	86,653
Weighted average number of ordinary shares in issue (in thousand of shares)		
- As at 1 January	275,707	275,707
- Effect of treasury shares held	(2,914)	(2,914)
	272,793	272,793
Basic (loss)/earnings per ordinary share (in sen)	(12.68)	31.77

(b) Diluted (loss)/earning per share

Diluted (loss)/earning per share are calculated based on the adjusted consolidated (loss)/profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2019 RM'000	2018 RM'000
(Loss)/Profit attributable to owners of the parent	(34,600)	86,653
Weighted average number of ordinary shares used in the calculation of basic earnings per share (in thousand of shares)	272,793	272,793
Effect of conversion of free warrants	19,120	-
Weighted average number of ordinary shares at 31 December (diluted)	291,913	272,793
Diluted (loss)/earning per share (sen)	(11.85)	31.77

33. Staff Costs

	Group 2019 RM'000	2018 RM'000	Company 2019 RM'000	2018 RM'000
Salaries, wages and other emoluments	28,855	25,529	50	105
Defined contribution plans	3,085	2,985	-	-
Social security contributions	338	343	-	-
Other benefits	4,236	2,882	46	31
	36,514	31,739	96	136

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33. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors during the financial year as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive Directors of the subsidiary companies				
Salaries and other emoluments	2,334	1,343	-	-
Benefit-in-kind	20	30	-	-
Defined contribution plan	211	152	-	-
	2,565	1,525	-	-

34. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January RM'000	Effect of adopting MFRS 16 RM'000	Financing cash flows (i) RM'000	New lease (Note 26) RM'000	At 31 December RM'000
2019					
Group					
Financial lease liabilities	133	(133)	-	-	-
Term loans	203,907	-	3,970	-	207,877
Bank overdrafts	20,891	-	(11,001)	-	9,890
Lease liabilities	-	2,579	(1,883)	5,836	6,532
	224,931	2,446	(8,914)	5,836	224,299
2018					
Financial lease liabilities	411	-	(278)	-	133
Term loans	199,208	-	4,699	-	203,907
Bank overdrafts	29,644	-	(8,753)	-	20,891
	229,263	-	(4,332)	-	224,931
2019					
Company					
Amount due to subsidiary companies			59,546	68,853	128,399
Term loans			124,794	3,093	127,887
Bank overdrafts			9,910	(20)	9,890
			194,250	71,926	266,176

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34. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

	At 1 January RM'000	Financing cash flows (i) RM'000	At 31 December RM'000
2018			
Company			
Amount due to subsidiary companies	135,715	(76,169)	59,546
Term loans	111,137	13,657	124,794
Bank overdrafts	18,494	(8,584)	9,910
	265,346	(71,096)	194,250

- (i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

35. Related Party Disclosures

- (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

- (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Notes 16, 24 and 27, the significant related party transactions of the Group and of the Company are as follows:

	Group 2019 RM'000	2018 RM'000
Transaction with companies in which certain Directors of the Company have financial interest		
Rental income received/receivable	57	57
Loan from loan borrowings	9,048	-
Interest charged	737	-
Rental paid/payable	107	-

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35. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Salary and other emoluments	2,334	1,343
Defined contribution plan	211	152
Benefits-in-kind	20	30
	2,565	1,525

36. Contingent Liabilities

	Group	
	2019	2018
	RM'000	RM'000
<u>Unsecured</u>		
Bank guarantees given to suppliers for the purpose of hotel utilities	1,061	820
Bank guarantees given to related parties for the purpose of utilities	400	400
	1,461	1,220
<u>Secured</u>		
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiary companies	79,941	98,997

37. Capital Commitment

	Group	
	2019	2018
	RM'000	RM'000
Approved and contracted for	530	-

38. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development	Development of residential and commercial properties.
Property investment	Investment holding and provision of management services
Hospitality and health	Hospitality, fine and casual dining, leisure, recreational, health and wellness centres

Management monitors the operating results of its business units separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the chief operating decision maker.

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38. Segment Information (Cont'd)

Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Total revenue from external customers RM'000	Segment Assets RM'000	Capital expenditure RM'000
Group 2019			
Malaysia	91,560	1,380,182	12,902
South Africa	651	9,800	-
	92,211	1,389,982	12,902
2018			
Malaysia	89,955	1,381,692	1,876
South Africa	681	10,544	179
	90,636	1,392,236	2,055

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
Group 2019						
Revenue						
External sales	9,685	21,300	61,226	-	-	92,211
Inter-segment revenue	-	5	4,268	-	(4,273)	-
Total revenue	9,685	21,305	65,494	-	(4,273)	92,211
Results						
Segment results	(33,983)	(127,531)	(20,257)	(667,918)	823,208	(26,481)
Finance costs	(3,459)	(6,392)	(473)	(1,921)	205	(12,040)
(Loss)/Profit before tax	(37,442)	(133,923)	(20,730)	(669,839)	823,413	(38,521)
Income tax expense	(911)	4,628	(1,318)	(3,217)	-	(818)
Share of result of an associate	-	(2)	-	-	-	(2)
(Loss)/Profit for the financial year	(38,353)	(129,297)	(22,048)	(673,056)	823,413	(39,341)
Assets						
Segment assets	580,342	312,209	349,023	4,003	117,618	1,363,195
Deferred tax assets	196	-	-	-	25,850	26,046
Tax recoverable	193	542	6	-	-	741
	580,731	312,751	349,029	4,003	143,468	1,389,982

NOTES TO THE FINANCIAL STATEMENTS

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38. Segment Information (Cont'd)

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
Group						
2019						
Liabilities						
Segment liabilities	93,170	275,092	310,161	153,370	(405,855)	425,938
Deferred tax liabilities	18,181	10,489	243	-	96,018	124,931
Tax payables	1,927	-	1,006	-	-	2,933
	113,278	285,581	311,410	153,370	(309,837)	553,802
Other information						
Amortisation of:						
- deferred income	-	-	1,180	-	-	1,180
- right-of-use assets	68	2,628	4,510	-	-	7,206
Bad debts recovered	-	-	316	-	-	316
Reversal of impairment loss on trade and other receivables	2,651	-	1,190	296	-	4,137
Impairment loss on:						
- other investments	-	-	16	-	-	16
- trade receivables	5,290	1,594	5,492	-	-	12,376
- other receivables	3,847	36	771	895	-	5,549
Bad debts written off	159	-	1,735	288	-	2,182
Capital expenditure	186	7,930	4,631	155	-	12,902
Depreciation of property, plant and equipment	779	237	4,150	109	(23)	5,252
2018						
Revenue						
External sales	19,636	17,460	53,540	-	-	90,636
Inter-segment revenue	-	76	3,334	-	(3,410)	-
Total revenue	19,636	17,536	56,874	-	(3,410)	90,636
Results						
Segment results	(226,573)	(189,555)	(17,207)	(122,553)	669,904	114,016
Finance costs	(2,694)	(6,049)	(457)	(219)	340	(9,079)
(Loss)/Profit before tax	(229,267)	(195,604)	(17,664)	(122,772)	670,244	104,937
Income tax expense	(9,871)	(10,151)	(543)	(44)	-	(20,609)
(Loss)/Profit for the financial year	(239,138)	(205,755)	(18,207)	(122,816)	670,244	84,328
Assets						
Segment assets	543,272	294,987	510,896	12,876	-	1,362,031
Deferred tax assets	4,147	717	1,510	19,792	-	26,166
Tax recoverable	323	6	(5)	3,715	-	4,039
	547,742	295,710	512,401	36,383	-	1,392,236

NOTES TO THE FINANCIAL STATEMENTS

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38. Segment Information (Cont'd)

	Property development RM'000	Property investment RM'000	Hospitality & health RM'000	Others RM'000	Elimination RM'000	Total operations RM'000
Group 2018						
Liabilities						
Segment liabilities	92,524	88,681	57,240	151,850	-	390,295
Deferred tax liabilities	38,724	37,731	48,604	-	-	125,059
Tax payables	1,043	229	413	-	-	1,685
	132,291	126,641	106,257	151,850	-	517,039
Other information						
Amortisation of:						
- deferred income	-	-	(1,180)	-	-	(1,180)
- prepared land lease payment	-	1,638	72	-	143	1,853
Bad debts recovered	(439)	-	(89)	-	-	(528)
Reversal of impairment loss on trade and other receivables	(519)	(112)	(1,992)	(563)	-	(3,186)
Impairment loss on:						
- trade receivables	4,517	-	-	-	-	4,517
- other receivables	1,861	-	-	-	-	1,861
Bad debts written off	14	176	291	152	-	633
Capital expenditure	186	10	1,859	-	-	2,055
Depreciation of property, plant and equipment	350	3,624	5,388	101	-	9,463

39. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Group 2019			
Financial assets			
Other investments	-	2,718	2,718
Trade receivables	25,250	-	25,250
Other receivables	18,649	-	18,649
Deposits with licensed banks	2,098	-	2,098
Cash and bank balances	10,646	-	10,646
	56,643	2,718	59,361

NOTES TO THE FINANCIAL STATEMENTS

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39. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Group			
2019			
Financial liabilities			
Trade payables	42,399	-	42,399
Other payables	116,032	-	116,032
Loans and borrowings	217,767	-	217,767
Lease liabilities	6,532	-	6,532
	382,730	-	382,730
2018			
Financial assets			
Other investments	-	2,734	2,734
Trade receivables	24,678	-	24,678
Other receivables	19,994	-	19,994
Deposits with licensed banks	2,225	-	2,225
Cash and bank balances	9,541	-	9,541
	56,438	2,734	59,172
Financial liabilities			
Trade payables	39,446	-	39,446
Other payables	79,488	-	79,488
Loans and borrowings	224,931	-	224,931
	343,865	-	343,865
Company			
2019			
Financial assets			
Other investments	-	718	718
Other receivables	673	-	673
Amount due from subsidiary companies	21,811	-	21,811
Cash and bank balances	1,732	-	1,732
	24,216	718	24,934

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39. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

	At amortised cost RM'000	At fair value through other comprehensive income RM'000	Total RM'000
Company			
2019			
Financial liabilities			
Other payables	13,428	-	13,428
Amount due to subsidiary companies	128,399	-	128,399
Loans and borrowings	137,777	-	137,777
	279,604	-	279,604
2018			
Financial assets			
Other investments	-	718	718
Other receivables	756	-	756
Amount due from subsidiary companies	3,423	-	3,423
Cash and bank balances	610	-	610
	4,789	718	5,507
Financial liabilities			
Other payables	12,621	-	12,621
Amount due to subsidiary companies	59,546	-	59,546
Loans and borrowings	134,704	-	134,704
	206,871	-	206,871

(b) Net (loss)/gain arising from financial instruments

	Group 2019	2018	Company 2019	2018
Net (loss)/gain on impairment of financial instruments:				
- Financial assets at amortised cost	(13,788)	(3,192)	(52,900)	87

(c) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group operations whilst managing its credit, liquidity, foreign currency, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

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39. Financial Instrument (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies.

The Company's maximum exposure in this respect is RM79,941,000 (2018: RM98,997,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

31 DECEMBER 2019

(c) Financial risk management objectives and policies (Cont'd)

The following tables analyse the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

* Being corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

39. Financial Instrument (Cont'd)

(c) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM'000	2018 RM'000
Group		
Floating rate instruments		
Bank overdrafts	9,890	20,891
Term loans	207,877	203,907
Finance lease liabilities	-	133
Lease liabilities	6,532	-
	224,299	224,931
Company		
Floating rate instruments		
Bank overdraft	9,890	9,910
Term loans	127,887	124,794
	137,777	134,704

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's profit before tax by RM560,748 (2018: RM562,328) and RM344,443 (2018: RM336,760) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

39. Financial Instrument (Cont'd)

(d) Fair value of financial instruments (Cont'd)

Group 2019	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Financial assets											
Other investment											
- Unquoted shares	-	-	2,000	2,000	-	-	-	-	2,000	2,000	2,000
- Memberships	-	-	-	-	-	-	734	734	734	734	734
- Trade receivables											
- non-current	-	-	-	-	-	-	7,138	7,138	7,138	7,138	7,138
	-	-	2,000	2,000	-	-	7,872	7,872	9,872	9,872	
2018											
Financial assets											
Other investment											
- Unquoted shares	-	-	2,000	2,000	-	-	-	-	-	-	2,000
- Memberships	-	-	-	-	-	-	734	734	-	-	734
- Trade receivables											
- non-current	-	-	-	-	-	-	6,912	6,912	-	-	6,912
	-	-	2,000	2,000	-	-	7,646	7,646	-	-	9,646
Financial liabilities											
- Finance lease liabilities	-	-	-	-	-	-	130	130	130	130	133
Company 2019											
Financial assets											
Other investment											
- Memberships	-	-	-	-	-	-	718	718	-	-	718
2018											
Financial assets											
Other investment											
- Memberships	-	-	-	-	-	-	718	718	-	-	718

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

39. Financial instrument (Cont'd)

(d) Fair value of financial instruments (Cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

40. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	217,767	224,931	137,777	134,704
Less: Deposits, cash and bank balances	(12,744)	(11,766)	(1,732)	(610)
Net debt	205,023	213,165	136,045	134,094
Shareholders' equity	821,920	856,365	(193,095)	415,994
Gearing ratio	0.25	0.25	N/A	0.32

N/A – the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

41. Subsequent events

(i) Extension of Loan Tenure

On 21 January 2020, the Company and Tan Sri Lee Kim Tiong @ Lee Kim Yew (the "Lender") had mutually agreed to discontinue the extension of the tenure of the Loan and the Company shall repay the Lender the outstanding loan balance due to the Lender in full upon the expiry of the last extension date of the Loan, which falls on 21 January 2020.

On 22 January 2020, the Company informed that an extension of 45 days has been granted by the Lender to facilitate negotiations for the repayment of the outstanding loan balance of RM92,846,896 that was due on 21 January 2020.

On 28 February 2020, the Company and the Lender had mutually agreed to split the loan amount into two portions based on the following arrangement:

- (a) The sum of RM60,000,000 to be extended for six months from 7 March 2020 until 6 September 2020, with an option to renew subject to agreement between the Lender and the Company; and
- (b) The sum of RM32,846,896 to be extended for another 12 months from 7 March 2020 until 6 March 2021.

(ii) Effect of Outbreak of Coronavirus Pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Group and to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the on-going precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

42. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 June 2020.

ANALYSIS OF SHAREHOLDINGS

AS AT 16 JUNE 2020

Total number of Issued Ordinary Shares : 273,557,403 (excluding 2,150,000 Treasury Shares)

Voting Rights : One Vote per Ordinary Share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	135	3.31	2,062	0.00
100 - 1,000	1,411	34.60	1,236,044	0.45
1,001 - 10,000	2,238	54.88	7,615,743	2.78
10,001 - 100,000	245	6.01	6,463,050	2.36
100,001 to less than 5% of issued shares	44	1.08	80,053,435	29.26
5% and above of issued shares	5	0.12	178,187,069	65.14
Total	4,078	100.00	273,557,403	100.00

Statement of Directors' Shareholdings

No.	Name of Directors	Direct	No. of Shares %	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	76,500,000	27.95	99,873,831 ⁽¹⁾	36.51
2	Lee Cheng Wen	12,389,831	4.53	-	-
3	Chew Chong Eu	-	-	-	-
4	Ong Tee Chin	-	-	-	-
5	Lee Sow Lin	10,000	0.00	-	-
6	Lee Thai Young Matahari	-	-	-	-
7	Yip Chun Mun	11,000	0.00	-	-
8	Chong Khing Chun	-	-	-	-
9	Hor Siew Long	-	-	-	-

Substantial Shareholders

No.	Name of Shareholders	Direct	No. of Shares %	Indirect	%
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	76,500,000	27.95	85,326,600 ⁽²⁾	31.19
2	Country Heights International Sdn Bhd	45,901,600	16.78	-	-
3	Country Heights Venture Sdn Bhd	39,425,000	14.41	-	-
4	Joint Win Investments Limited	16,939,300	6.19	-	-

Notes :

⁽¹⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016, and his spouse's and child's interests in Country Heights Holdings Berhad pursuant to Section 59(11)(c) of the Companies Act, 2016

⁽²⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS

AS AT 16 JUNE 2020

Name of Shareholders	No. of Shares	Percentage*
1. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yew</i>	75,921,169	27.75
2. Country Heights Venture Sdn Bhd	39,425,000	14.41
3. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Country Heights International Sdn Bhd</i>	25,521,790	9.33
4. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	20,379,810	7.45
5. Joint Win Investments Limited	16,939,300	6.19
6. Kensington Group Management Limited	13,624,000	4.98
7. Sarojini A/P Kandiah	13,341,400	4.88
8. Lee Cheng Wen	12,389,831	4.53
9. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Siva Kumar a/l M Jeyapalan</i>	8,000,000	2.92
10. Ooi Chieng Sim	6,750,000	2.47
11. Ooi Chieng Sim	4,800,000	1.75
12. Park Avenue Construction Sdn Bhd	4,000,000	1.46
13. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Siva Kumar a/l M Jeyapalan</i>	2,100,000	0.77
14. Ooi Chieng Sim	2,000,000	0.73
15. Sim Teck Seng	1,901,442	0.70
16. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Bee Garden Holdings Sdn Bhd</i>	1,254,400	0.46
17. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Kian Aik</i>	1,000,000	0.37
18. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn Bhd</i>	900,000	0.33
19. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lin Poh Yin</i>	840,100	0.31
20. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Khoo Bee Lian</i>	738,100	0.27
21. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	601,400	0.22
22. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	555,461	0.20
23. Liew Sui Kum	505,500	0.18
24. Anchor Point Sdn Bhd	480,000	0.18
25. Malpac Capital Sdn Bhd	468,500	0.17
26. Tan Eng Hock	446,400	0.16
27. Lim Hong Liang	312,200	0.11
28. Wong Kheng Cheong	220,000	0.08
29. Lee Ching Chik @ Lee See Kew	200,000	0.07
30. Ng Choong Leong	179,000	0.07
Total	255,794,803	93.51

* The total number of issued shares of CHHB: 273,557,403 Ordinary Shares (excluding 2,150,000 Treasury Shares).

ANALYSIS OF WARRANTHOLDINGS

AS AT 16 JUNE 2020

Total Number of Issued Warrants	: 136,778,701
Exercise Price of Each Warrant	: RM1.20
Expiry Date	: 20 December 2023

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	212	5.39	6,444	0.00
100 - 1,000	2,406	61.19	1,641,579	1.20
1,001 - 10,000	1,153	29.32	3,708,623	2.71
10,001 - 100,000	132	3.36	3,547,481	2.59
100,001 to less than 5% of issued shares	21	0.53	12,533,351	9.16
5% and above of issued shares	8	0.20	115,341,223	84.33
Total	3,932	100	136,778,701	100.00

Statement of Directors' Warrantholdings

No.	Name of Directors	Direct	No. of Shares		%
			%	Indirect	
1	Tan Sri Lee Kim Tiong @ Lee Kim Yew	20,289,415	14.82	50,109,739 ⁽¹⁾	54.55
2	Lee Cheng Wen	6,994,915	5.11	-	-
3	Chew Chong Eu	-	-	-	-
4	Ong Tee Chin	-	-	-	-
5	Lee Sow Lin	5,000	0.00	-	-
6	Lee Thai Young Matahari	-	-	-	-
7	Yip Chun Mun	5,500	0.00	-	-
8	Chong Khing Chun	-	-	-	-
9	Hor Siew Long	-	-	-	-

Notes :

⁽¹⁾ Deemed interested by virtue of his substantial interests in Country Heights Venture Sdn Bhd and Country Heights International Sdn Bhd pursuant to Section 8 of the Companies Act, 2016, and his spouse's and child's interests in Country Heights Holdings Berhad pursuant to Section 59(11)(c) of the Companies Act, 2016

LIST OF THIRTY LARGEST WARRANTHOLDERS

AS AT 16 JUNE 2020

Name of Shareholders	No. of Shares	Percentage*
1. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Tan Bee Hong</i>	24,510,584	17.92
2. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yee</i>	20,000,000	14.62
3. Country Heights Venture Sdn Bhd	19,712,500	14.41
4. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Country Heights International Sdn Bhd</i>	12,760,919	9.33
5. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Siva Kumar a/l M Jeyapalan</i>	12,702,750	9.29
6. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>HDM Capital Sdn Bhd for Country Heights International Sdn Bhd</i>	10,189,905	7.45
7. Joint Win Investments Limited	8,469,650	6.19
8. Lee Cheng Wen	6,994,915	5.11
9. Kensington Group Management Limited	6,812,000	4.98
10. Sim Teck Seng	1,171,071	0.86
11. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tan Kian Aik</i>	722,100	0.53
12. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Kian Aik</i>	500,000	0.37
13. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn Bhd</i>	450,000	0.33
14. UOBM Nominees (Tempatan) Sdn Bhd <i>Golden Touch Asset Management Sdn Bhd for Lee Kim Tiong @ Lee Kim Yew</i>	277,730	0.20
15. Liew Sui Lim	262,250	0.19
16. Anchor Point Sdn Bhd.	240,000	0.18
17. Malpac Capital Sdn Bhd	234,250	0.17
18. Tan Eng Hock	223,200	0.16
19. Tay Chia Yap	220,000	0.16
20. Hiew Kat Kee	216,100	0.16
21. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Kho Ping</i>	172,300	0.13
22. Lim Hong Liang	156,100	0.11
23. Lee Chan Hooi	155,000	0.11
24. Public Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Hiew Kat Kee</i>	152,100	0.11
25. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Yu Suee Yan</i>	121,200	0.09
26. MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tam Kian Kwang</i>	119,450	0.09
27. TA Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Keng Bun</i>	111,300	0.08
28. Wong Kheng Cheong	110,000	0.08
29. Keh Chin Ziung	107,200	0.08
30. RHB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Chen Sheau Wen</i>	96,000	0.07
Total	127,970,574	93.56

LIST OF LANDED PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Mukim of Kajang District of Ulu Langat Selangor	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	25	Freehold	Residential - bungalow land	11.27		2,056	13/07/87
HSD 20047 P.T. No. 12956 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	1 & half storey detached Kindergarten Commercial Land & Building Within development known as Country Heights Kajang		31	2,000	31/12/19
HSD 20055 P.T. No. 12964 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Institutional Land Within development known as Country Heights Kajang	1.33		3,600	31/12/19
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang			1,900	31/12/19
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten Commercial Land Within development known as Country Heights Kajang	0.22		1,300	31/12/18
Lot 37653 HM 122934 Bandar Country Heights District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Convenience Centre, Banking Hall & Clubhouse	6.41	31	33,937	01/12/10
Pajakan Negeri 7211 No. Lot 24731 HSD 22918 P.T.No. 14193 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	1	Leasehold (expiring 12.11.2088)	Clubhouse & Tennis Courts	12.28	25	80,000	24/08/88
HSD 232191 P.T. No. 852 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	1	Leasehold (expiring 4.6.2105)	Residential land - Proposed Condo	1.69		467	15/06/93
PN 11297 Lot 1591 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	21	Leasehold (expiring 20.03.2091)	Residential - bungalow land Mines Bungalow Lots	5.29		2,282	15/06/93

LIST OF LANDED PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Mukim of Setul District of Seremban	College Valley Industrial Park	60	Freehold	Industrial land	3.67		2,325	31/03/95
HSD 107578 PT 15456 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	Industrial land	0.93		340	31/03/95
Mukim of Setul District of Seremban	College Heights Garden Resort	29	Freehold	Bungalow Houses	5.49	23	13,859	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	289	Freehold	Bungalow Land	56.86		19,693	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	34	Freehold	2-storey shop-office and 3-storey shop-office	1.59	18	9,671	01/06/94
Mukim of Setul District of Seremban	Pangsa Rakyat, Pajam	206	Freehold	Low cost flat/shop	2.90	16	7,420	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	7	Freehold	Institution land	79.43		10,415	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56		1,909	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	3	Leasehold (Expiring 23/08/2095)	Agriculture land	5.37		3,001	06/08/01
Mukim of Setul District of Seremban	College Heights Garden Resort	6	Freehold	Residential and commercial land Residential, hotel, stall, petrol station	9.71		319	01/06/94
Mukim of Setul District of Seremban	College Heights Garden Resort	154	Freehold	Commercial land Shophouse, CC Plaza, Business	12.87		2,635	01/06/94
PT12881 HSD 105003 Mukim of Setul District of Seremban	College Heights Garden Resort	1	Freehold	CHGR Bungalow Lot 534	0.17		190	31/12/18
PN 17796 (formerly HSD 10483) Lot 1284 (formerly Lot 1115) Pekan Teluk Kemang District of Port Dickson Negeri Sembilan	Ocean Wave Theme Park	1	Leasehold (expiring 18.12.2089)	Partially constructed Theme Park & service apartments	3.83	14	8,326	27/02/90
Lot 7938 HM 37650 PT No. 2712 Mukim of Setul District of Seremban Negeri Sembilan	Lot 162, Stafffield Golf & Country Resort	1	Freehold	Residential - bungalow land	0.21		450	31/12/15

LIST OF LANDED PROPERTIES HELD BY THE GROUP
AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Lot No.15 section 11 Gunung Penrissen Padawan Kuching, Pangkalan Ampat Land District of Sarawak	Borneo Heights	61	Leasehold 198 years	Residential - bungalow land Phase 1~4	27.90		16,240	20/09/94
	Borneo Heights	1	Leasehold 198 years	Residential land Future Development	1,103.95		31,887	20/09/94
	The Hornbill Golf & Jungle Club	1	Leasehold 198 years	Golf Course & Golf Hotel	162.60	19	29,122	27/06/00
Lot 4 (Lot 4756) Geran No. 44342	Jenan Estate, Kubang Pasu,Kedah	72	Freehold	Bungalow Lots KHU Ph1-3 Bungalow Lot	11.16		4,321	08/11/95
Lot 7 Geran No. 7062	Jenan Estate, Kubang Pasu,Kedah	7	Freehold	Bungalow House KHU Bungalow House (Precinct 1 & 2)	1.39		2,779	08/11/95
Lot 6534 Geran No. 25870	Jenan Estate, Kubang Pasu,Kedah	4	Freehold	Future Development KHU Parcel B - Agricultural Land KHU Parcel C - Agricultural Land KHU COMMERCIAL LOT (NORTHEN)	199.36		17,677	08/11/95
Lot 1962 HM 1819	Jenan Estate, Kubang Pasu,Kedah	180	Freehold	Future Development KHU Precinct 4 Bungalow Lot	42.60		10,113	08/11/95
Lot 503 HM 614	Jenan Estate, Kubang Pasu,Kedah	48	Freehold	Future Development KHU Phase 2 SHOP OFFICE 48 Lot	4.51		2,808	08/11/95
Lot 11 HM 1672 Jenan, Kedah	Jenan Estate, Kubang Pasu,Kedah	70	Freehold	Future Development Belleza Ph3	4.14		9,251	08/11/95
Lot 1710 HM 1833	PT 1351 HSD 17179 Bandar Darul Aman Kubang Pasu, Kedah	1	Freehold	Sports Living Clubhouse 2 storey Club House with swimming pool and multi-purpose hall	6.46	15	15,500	31/12/18
HSD 34515 P.T. No. 48505 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Cyber Heights Villas	0.04	15	276	11/02/99
	Cyber Heights	2	Freehold	Cyber Residency	0.08	15	293	11/02/99
Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	21	Freehold	Sawtelle Suites	0.35		11,056	11/02/99
HSD 34517 P.T. No. 48507 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	72	Freehold	Signature Villa - Mansion Park	8.63		29,249	11/02/99

LIST OF LANDED PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
HSD 34516 P.T. No. 48506 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Proposed Mixed Development Cyberjaya Ph5 (488 Condo + 45 Double Storey)	9.33		13,530	11/02/99
HSD 220869 P.T. No. 27695 Mukim Dengkil 01 Daerah Sepang Selangor	Cyber Heights	1	Freehold	Future Development Cyberjaya Ph3B Commercial Land	3.59		1,827	11/02/99
HSD 220869 P.T. No. 27695	Cyber Heights	1	Freehold	Club House	3.66	15	7,116	31/12/18
Geran No. 37112 Lot 826	CH Damansara	1	Freehold	Bungalow House	0.22	9	6,154	14/11/00
Lot 8242 HM 34157 Mukim of Durian Tunggal District of Alor Gajah Melaka	Melaka Land	1	Leasehold (expiring 21.4.2103)	Future Mixed Development Agricultural land principally approved for residential development	62.02		10,555	14/04/04
Lot 1578 HSD 91910 Pekan Baru Sungai Besi District of Petaling Selangor	Golf View Apartments PT 16714 HSD 59886	2	Leasehold (expiring 20.3.2091)	Recreational & Commercial land PT6 and PT7	11.86		25,999	25/09/98
HSD 59885 P.T. No. 16713 Mukim of Petaling District of Petaling Selangor	Palace of the Golden Horses The Mines Resort City	1	Leasehold (expiring 20.3.2091)	Hotel	13.80	22	186,270	20/05/04
HSD 59892 P.T. No. 16720 Mukim of Petaling District of Petaling Selangor	Mines Wellness Hotel	1	Leasehold (expiring 20.3.2091)	Hotel building	5.75	25	65,087	29/02/08
		1		A parcel of trousdale land reserved for property development	3.50		3,521	29/02/08
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC) PN 30898, Lot 1586	1	Leasehold (expiring 20.3.2091)	Exhibition Centre 3 and half storey exhibition cum convention centre building with 2 basement level car parks	6.74	22	179,219	01/07/03
		1	Leasehold (expiring 20.3.2091)	Venice Walk Two Link Bridges		20	821	01/07/03

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AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
HSD 59887 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Completed commercial building Phase 1 : Block A,B,C,D,E unsold portion	6.30	20	113,700	31/12/18
		45	Leasehold (expiring 20.3.2091)	Partially completed commercial building Phase 2 : Block 4,5,6,7, Retails	5.75		82,673	31/12/18
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational & commercial building Single storey building as restaurant	1.81		13,654	25/09/98
HSD 59890 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Tourism & Recreational submerged land forming a lake	153.45		5,000	25/09/98
Pajakan Negeri 7212 No Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	20	Leasehold (expiring 12.11.2088)	Palace Vacation Club	28.66	24	3,251	01/03/10
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	4	Freehold	Apartments	0.79	22	656	12/11/01
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	6	Freehold	Apartments	0.86	8	1,036	12/11/01
HSM 9-93 P.T. NO. 249 Mukim of Padang Matairat District of Langkawi Langkawi, Kedah Darul Aman	Perdana Beach Resort Mukim Padang Matairat Langkawi	4	Freehold	Apartments	0.09	20	704	21/05/02
NGL886853 City Road London	Bezier Apartment London	1	Leasehold	Apartments	0.01	7	1,891	28/04/11
Erf 910	Extension 11 482 JQ North West Province South Africa	1	Freehold	Corporate Lodge	0.13	19	558	31/12/99

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AS AT 31 DECEMBER 2019

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	Net Book Value* (RM'000)	Revaluation*/ Acquisition Date
Erf 470	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Clubhouse	8.37	21	453	01/06/03
Portion 124	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Club Marina	9.87			01/06/03
Erf 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	172.73		7,760	01/06/03
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	21		01/06/03
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03			01/06/03
Erf 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86	21		01/06/03
Erf 1205	Extension 14 482 JQ North West Province South Africa	1	Freehold	Public Open Space	0.29			01/06/03
Erf 1269	Extension 16 482 JQ North West Province South Africa	1	Freehold	Parking	0.52			01/06/03
Portion 73	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	10.74			01/06/03
					2,357.92		1,120,102	

* Net Book Value are based on individual company's book.

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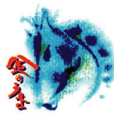
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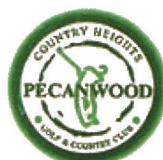
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