

Hospitality, Leisure & Health (Cont'd)



PALACE BEACH AND SPA *The Only Beach In The City!*

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

A delightful 178-room resort hotel with a tropical design overlooking a scenic 150-acre lake, Palace Beach and Spa provides the perfect escape from hectic city life.

All rooms and suites have a balcony, most with a fabulous view over the lake. There are 125 Superior/Standard rooms, five one-bedroom suites, 47 Chalets and one Royal Suite.

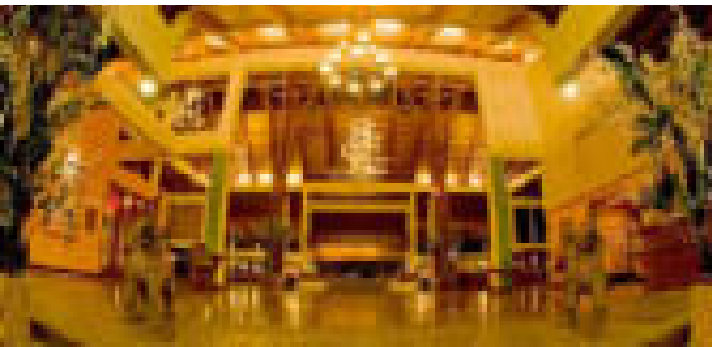
The resort has a total of four food and beverage outlets for dining pleasure. Abdul & Charlie’s, Cheng Ho Court Chinese Restaurant, and Sunset Lounge are the spectacular choices for local and Western delicacies. Evening cocktails are simply exceptional at the Beach Hut’s sandy beach by the lakeside.

Palace Beach and Spa has a total of two ballrooms and five multi-purpose function rooms. The ballrooms are named after the historical figures, Paramesrawa and Hang Li Po, with a seating capacity of 150 and 280 persons, respectively. The five smaller rooms are ideal for meetings, conferences and seminars with the business centre providing secretarial services for the guests convenience.

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

The hotel recorded a good arrival from several leisure markets including Singapore, Hong Kong, Taiwan and the Middle East. During 2008, Palace Beach and Spa was the preferred venue for many major local events and meetings such as Badminton Association Malaysia, Kertau Resources Berhad, BATA, LB Aluminum and City Chain.

Hospitality, Leisure & Health (Cont'd)



By joining forces with its sister hotel, Palace of the Golden Horses, Palace Beach and Spa marked a few milestones in 2008. One was the joint catering for 500 persons for the opening dinners of the Indian Overseas Weddings from Hong Kong and Dubai – the first of such caterings paving the way for more similar events in the future.

The Golden Horses Health Sanctuary started operations on the newly renovated Traditional Chinese Medicine (TCM) centre, dedicated to preventive medicine. The new health sanctuary also further reinforces the concept of Wellness at the hotel by offering an exceptional line of complementary Traditional Chinese services such as Tuina, Acupuncture, Gua Sha, Cupping, Qi Gong exercises and more.

The year 2008 also saw the commencement of the refurbishment of the first 60 rooms at the hotel. With the upgrade of rooms, the management looks forward to strengthening its ties with the current regular clientele as well as creating new niches in the corporate and leisure market.



Hospitality, Leisure & Health (Cont'd)



BORNEO HIGHLANDS HORNBILL GOLF AND JUNGLE CLUB

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

Sitting on the Penrissen Range, 1000 metres above sea level, Borneo Highlands Resort is surrounded by rich vegetation and the lush rainforest with a refreshing year round spring

temperature of 18 – 20 degrees Celsius. It is an absolute botanical paradise blessed with astonishing varieties of flora and fauna, with fresh air, cool mountain breezes and spectacular highland scenery.

The resort's 18 hole golf course is magnified by the steep gradients of rugged mountain terrain for added physical and mental golfing challenges, arising from the breathtaking beauty and toughness of the course.



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

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

In 2008, the resort organised many local and international events with the state government, namely:

- 1) BHR Padawan Nature Challenge 2008
- 2) Colours of Nature 2008
- 3) Mini Bird Race 2008

Borneo Highlands attained widespread recognition through its significant achievements in 2008:

- Accepted as a “IGOLF Laureate Course” by the International Golf & Life Foundation which acknowledges courses that promote environmental and social responsibility;
- Awarded as the “Best Golf Development (Malaysia)” by CNBC Asia Pacific Property Awards 2008;
- Awarded as the “Best Golf Resort” by the Expatriate Lifestyle’s Best of Malaysia 2008/09”;
- Awarded as “Asia’s Best Course in Malaysia (1st Runner Up)” by the “Asian Golf Monthly Awards 2008”;
- Awarded with the “Toro Asian Golf Course Environment Award” in recognition of the dedication and commitment to all environmental aspects of the golf operations;
- Awarded the “Best Traditional Treatment” for the Peso Perong Therapy (Traditional Bidyuh Massage) offered by the Jungle Spa.



Hospitality, Leisure & Health (Cont'd)



GOLDEN HORSES HEALTH SANCTUARY (GHHS)

GHHS is providing a premium preventive healthcare service through its two health screening centres in two locations, Palace of the Golden Horses and Plaza Mont' Kiara and is fully licensed by the Ministry of Health, Malaysia.

For GHHS, the year 2008 began with a good start having completed five half yearly surveillance audits by U.K. Lloyd's register of Quality Assurance for both health screening centres. This marks the continuous certification of the ISO 9001:2000 Quality Management and commitment to provide quality services to the members and guests. The centres achieved 89% Excellent and Good rating in terms of Service Index performance compared to the previous year.

In July 2008, GHHS geared up to extend its services to a wider audience by introducing Malaysia's first expatriate programme whereby expatriates are invited to participate in a three-year programme that includes hotel vacations, health screening, exclusive rounds of golf and top quality specialist consultants to manage their healthcare while in Malaysia. The programme was smoothly launched in the Mont' Kiara community with the theme "Attaining 100% in life: Healthcare for the Community". An estimated 1,000

residents visited the booths on display. A health talk was also conducted during the event by a renowned cardiologist who spoke about cardiac diseases and new technologies that help prevent them.

Not forgetting its corporate social responsibility, GHHS embraced the Mammogram screening launched by LPPKN, focusing on providing the services to 500 less fortunate women in Malaysia. In addition, daily health talks were presented by a qualified nutritionist to members during check-up day, focusing on preventive medicine and lifestyle management. The CPR training was conducted for 60 marketing counsellors in line with enhancing employees' knowledge for quality purposes.

The year ended with strong indications that the preventive medicine business is the trend in Malaysia as GHHS recorded a 14% increase in health screening performed during the year. In the forthcoming year, GHHS is embarking on its centre's expansion plan, adding an additional 10,000 square feet to its existing centre in the Palace of the Golden Horses. This will make it South East Asia's finest, and largest, dedicated preventive medicine service provider.

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Certified by UK Lloyd's Register Quality Assurance



Reg No. KLR0500136



Reg No. KLR0500136 A



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MINES TCM WELLNESS (MTW) (formerly known as Golden Horses TCM Wellness)

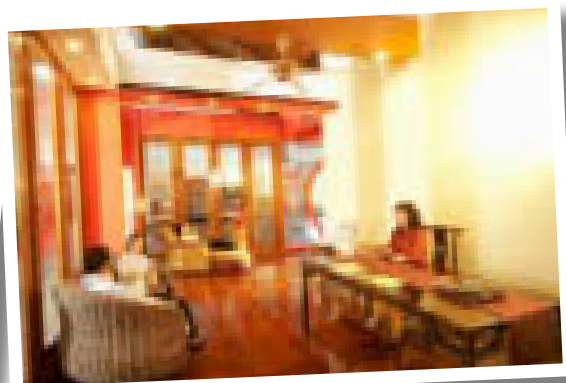


Following the introduction of its new flagship, Mines TCM Wellness (MTW), 2008 marked a fruitful year for the Country Heights group of companies in providing the finest 21st century wellness-care solution. Traditional Chinese and Complementary Medicine (TCM), with its long history and profound nature in harmonizing the relationship between humankind and Mother Nature, has been proven by WHO to be one of the world's best remedies for the attainment of longevity and health.

Strategically located within Palace Beach & Spa, the 5-Star luxury TCM wellness centre offers an elegant and relaxing ambience, privacy, exclusivity, and professional TCM

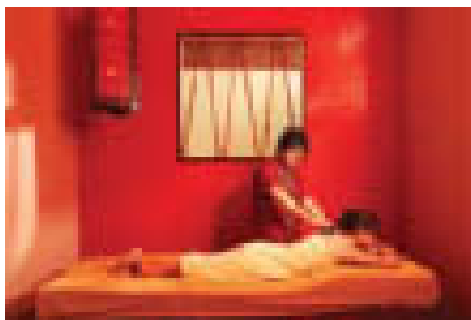
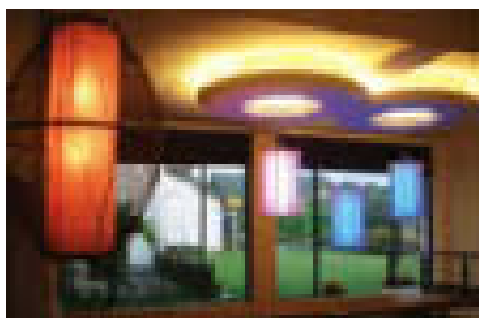
services, which include Herbal Medicine, Traditional Chinese Pulse Reading, Acupuncture, Acupressure, Moxibustion, Spinal and Shoulder Therapy, Traditional Tui-Na Therapy for Body and Foot, Cupping, Gua-Sha, Health Qigong, Natural Healing Therapy, TCM Herbal Footbath Therapy, and Herbal Health Tea.

The centre houses 18 Tui-Na and therapy rooms for individuals and couples, Chinese Physician rooms, Herbs Bar, TCM Pharmacy, Reading Lounge, VIP room, and TCM Gallery and Members Lounge, all of which are tastefully furnished



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MINES TCM WELLNESS (MTW) (formerly known as Golden Horses TCM Wellness)



in Traditional Chinese style. For Qigong exercises, a green Health Qigong Garden lawn with a pleasant hotel synergy has been specially designed. Under a team of experienced, professional management personnel, and dedicated TCM service crew, MTW has successfully provided 5,608 TCM procedures and therapies to 3,823 guests within six months of full operation from June 2008.

As a unique healthcare brand committed to catering for members and guests with the finest healthcare for holistic wellness, MTW was successfully launched and graced by the Minister of Health Malaysia, Dato Liow Tiong Lai, and the visional founder of CHHB and MTW, YBhg. Tan Sri Lee Kim Yew, on 7th October 2008.

To help further elevate the standard of TCM in Malaysia in the interests of the society in general and the industry in particular, world-renowned TCM researcher and speaker Professor Dr Liu Li-Hong was invited to share his rich experience and knowledge to the 300 registered Chinese Physicians in Malaysia who had previously attended the TCM Advanced Academy. This event was jointly organized by MTW and the Federation of Chinese Physicians Acupuncturists Associations of Malaysia (FCPAAM) after the official launching.

Another quality TCM educational talk for the public "Is TCM scientific in the 21st century?" was initiated by MTW and Malaysia's most influential Chinese media – Sin Chew Daily. The event was met with an overwhelming response at Sin Chew Hall on 11 October, receiving extensive pre- and post- publicity write-ups on corporate social responsibility, benefiting individuals and families in terms of natural health management.

In his devoted efforts to promote the country's TCM to the global community, Tan Sri Lee invited and sponsored Ms Hong Tao, the renowned host of the world's most famous CCTV4 Chinese Health Channel, to Malaysia for a public health talk during Mines International Book Fair. She went on to develop the CCTV4 health programme "TCM contribution in Malaysia", by successfully interviewing the Minister of Health in November 2008, and covering most of the key contributors in the sector, including profit and non-profit organizations.



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Not forgetting internal TCM education and sustainable growth, the management developed a TCM educational video in the English language as an important training tool to support the specially designed courses by the In-house TCM Academy. From May 2008, the academy conducted numerous comprehensive TCM training and Health Qigong lessons to MTW and hotel employees. The course contents cover customer service, sales and marketing, and membership service, providing participants a renewed interactive learning opportunity to bring TCM to a higher level of development.

The team also demonstrated TCM's uniqueness to the Inner Wheel Club (KL District) and made donations to Pertubuhan Rumah Amal Cahaya Tengku Ampuan Rahimah Selangor (RECTAR) and Persatuan Penganut Agama Buddha Amitabha Huayan Selangor.

The TCM membership was introduced to the market in May. Upon receiving an encouraging response, it thereby enabled the marketing team to continue promoting MTW's quality membership features by participating aggressively in relevant expositions, such as CIMB Perfect Living Expo, Matta Fair, International Book Fair, and many other events during the year.

Moving forward, MTW is confident of growing its market share both locally and internationally as the management believes that only quality products and services will win the battle.



Hospitality, Leisure & Health (Cont'd)

PALACE VACATION CLUB

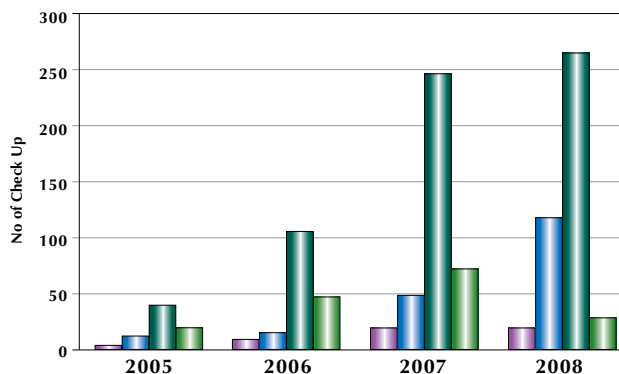
Holidays made to be Great!

The Palace Vacation Club was designed to provide members with a lifetime of vacation memories. Members are able to access an extensive list of quality resorts all around the globe as well as enjoy exclusive privileges such as the facilities at its two established hotels, namely, Palace of The Golden Horses and Palace Beach & Spa, which include recreational facilities and special discounts at F&B outlets, spa packages, water sports and cruises within the Mines Resort City.



Members will also get to enjoy an array of options to exchange their holiday entitlements for other products ranging from health services to entertainment. These exchange privileges are unique to the Palace Vacation Club and have been well received by members with over 1,100 health screening check-ups performed since they were introduced in 2005.

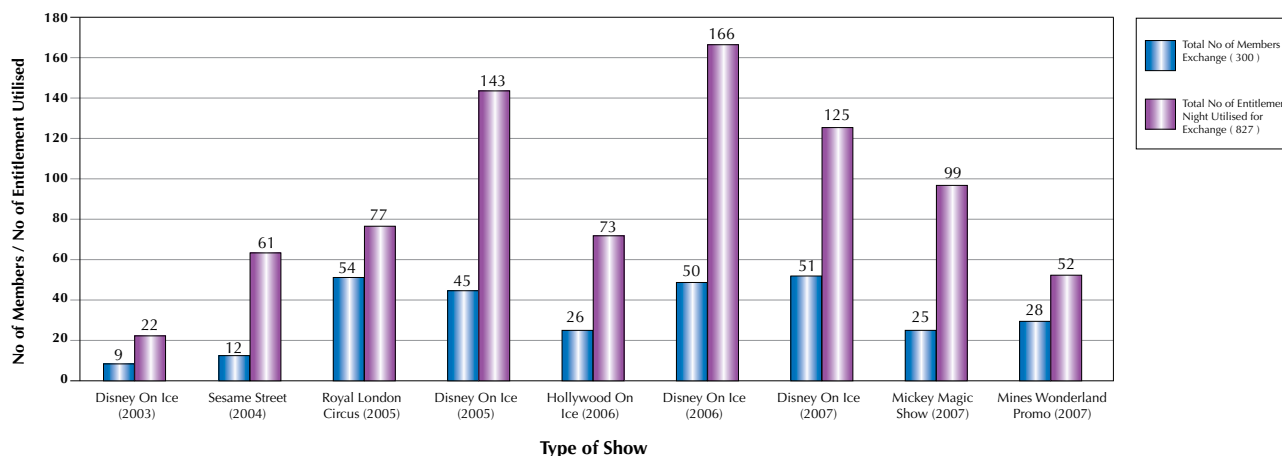
In addition, we have also received an overwhelming response for the exchange of tickets for shows like Disney on Ice, Sesame Street Musical, Royal London Circus tickets, Hollywood on Ice tickets and Mines Wonderland Fun and Dinner package with more than 800 entitlement nights being transacted under our exclusive arrangement with the event organizers.



	2005	2006	2007	2008	Total Year to Date
ASP	2	9	20	18	49
AESP	12	16	50	137	215
CMP	41	105	245	269	660
Ct-CMP	21	49	75	32	177
Total No of Check-up	76	179	390	456	1101
Total No of Nights Utilised	254	601	1230	2016	4101

To further enhance the benefit of the membership, the recent launch of the Traditional and Complementary Medicine (TCM) wellness services under Palace Beach & Spa shall be another extension of exchange privileges that Palace Vacation Club members may look forward to for years to come.

Entitlement Exchange For Concerts / Shows



Hospitality, Leisure & Health (Cont'd)

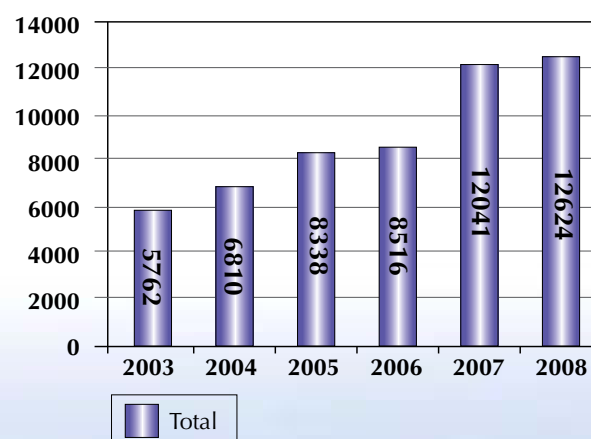
At Palace Vacation Club, the Members Services Department successfully processed a total of 12,600 room bookings for 2008 whilst achieving a 95% success booking ratio, as compared to 89% the previous year. This is made possible through the best services from our dynamic team of Member Services and the availability of over 100 internal and direct affiliation resorts covering Malaysia, Thailand, the Philippines, Indonesia, India, Australia, China and Europe, and complemented by accommodation acquired in the two latest locations – London, UK and Gold Coast, Australia. Furthermore, members also have access to more than 2,200 enthralling resort destinations in over 100 countries worldwide through Interval International.

There is simply no better way to experience vacations through the Palace Vacation Club. The prestigious Palace Vacation Club has established itself in the market as an exclusive timesharing programme that offers immense benefits and privileges in the form of exciting vacations. Going forward, despite the current climate of uncertainty generated by the financial turmoil, Palace Vacation Club is committed to strive and stay competitive through its strong sales and marketing force, excellent service, and continued product innovation and redevelopment to enhance the membership in the challenging year ahead.

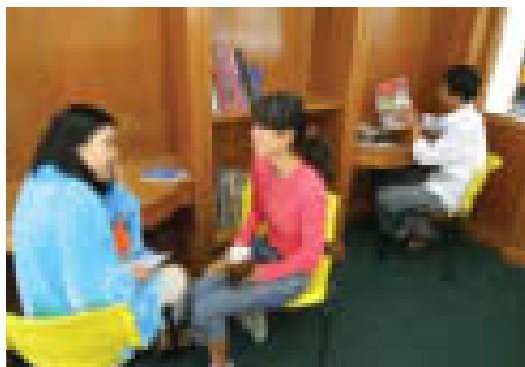
PVC Successful Bookings Ratio 2008

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
Successful Booking	816	756	904	1184	1006	865	989	843	758	892	1145	845	11003
Cancellation	132	107	117	175	163	120	146	118	132	106	144	161	1621
Unsuccessful Booking	152	60	58	85	54	37	8	87	11	37	24	43	656
Total	948	863	1021	1359	1169	985	1135	961	890	998	1289	1006	12624
Booking Efficiency %	86%	93%	95%	94%	96%	96%	99%	92%	99%	96%	98%	96%	95%

PVC Members' Reservation 2003 - 2008



Hospitality, Leisure & Health (Cont'd)



INTERNATIONAL MALAYSIA ENGLISH CENTRE (IMEC)



International Malaysia English Centre (IMEC), operating under Country Heights Education Sdn Bhd (CHED), was established to provide the highest quality of English instruction in conjunction with the government's goal to turn Malaysia into a world class education hub. We aim to recruit both foreign and local students to complete a Ten (10) months Intensive English Programme (IEP) designed especially for non-English speaking students who would like to master the English language.

It is our mission to provide young adults with an opportunity to acquire the skills necessary to have a competitive edge for their future lives and careers. Our mission also includes representing Malaysia in its highest regard creating both an unforgettable education as well as an unforgettable Malaysian experience.

Our target students are those from Malaysia, Middle Eastern countries (Saudi Arabia, Libya, Yemen, Iran and others), China, Taiwan, South Korea, Japan and other Asian nations. Our teaching methodology is one of functional based learning. Instruction is given solely in the target language in classroom sizes between 15 to 20 students. Students are exposed to the target language directly. They are given basic structures to begin with through pictures and actions. These are then practiced with elementary sentence structures to form a foundation upon which to introduce more complex forms. Assimilated grammar, vocabulary and sentence structures are continually practiced and strengthened in conjunction with the introduction of more complex forms. Students actively use what is learned in order to build on their knowledge.

IEP materials, ranging from introductory to the advanced level, were created by Pearson Longman to prepare students for IELTS examinations. It is our goal to develop a student's learning skills to a level that enables them to pass Malaysian university and college entrance examinations.

IELTS is the International English Language Testing System and is designed to assess the language ability of candidates who need to study or work where English is the language of communication. IELTS is jointly owned by the British Council, IDP: IELTS Australia and University of Cambridge ESOL Examinations (Cambridge ESOL). IELTS conforms to the highest international standards of language assessment and is



recognised by universities and employers in many countries including Australia, Canada, the UK and the USA.

In January 2009, IMEC was selected by the British Council-IELTS to be one of the examination centres. Currently there are only nine (9) centres under the British Council and IDP throughout Malaysia, and IMEC is one of the first language centres to be recognised as an IELTS examination centre under the British Council.

In addition, the British Council will promote IMEC as one of the panel examination centres. Indirectly, this will give significant exposure to the IMEC brand globally as well as locally.

It is also the goal of the company to offer a one-stop facility for all student needs including on-campus and/or off-campus accommodation, personal or group airport pickup, internal and external transportation, student visa assistance, insurance and activities and excursions. In this way, the company offers greater perceived value for the customer while they are studying at IMEC.

For year 2009, CHED will focus on promoting IMEC and attract students from additional countries to study at IMEC. CHED, in 2009, is expected to reach 2,159 accumulated number of students compared to 1,085 in 2008 and 475 in 2007, respectively.

Plans are now being studied to increase the size of the educational premises as a result of its opening success.

Corporate Social Responsibility



At CHHB, corporate social responsibility (“CSR”) remains close to our heart as a business practice. We believe in total commitment to accountability, honesty and transparency in the conduct of our business and also in upholding our social responsibility by contributing towards the well being of our stakeholders and the welfare of the community as a whole.

The Workplace

The Group is committed to excellent occupational health, safety and environmental performance for our employees as well as our customers and the community in which we operate.

The Group believes that our workforce is the greatest asset of the Group. The Group provides a healthy and safe working environment for our employees including the provision of insurance coverage in terms of hospitalization and surgical, group term life and personal accident for employees to cover medical or accidental contingencies.

As for human capital development, the Group continues to offer comprehensive training and development courses for employees of all levels to further enhance their skills and knowledge.

To foster a good working relationship and to build a strong team spirit among employees, our Sports Living Club, Kajang, has organized various sports activities for staff. Furthermore, in conjunction with our 25th Anniversary, CHHB recently organized a 25km unity walk with the aim of heightening team spirit and re-motivating the corporate culture. Approximately 200 staff participated in the walk.



The Environment

The Group is sensitive to the environmental impact of our operation and recognizes the need and importance of environmental conservation.

In 2008, our exclusive 5-star hotel, Palace of the Golden Horses (“PGH”), made great efforts to preserve the natural landscape, flora and fauna by launching a green and cost saving campaign called “Green@Palace”. This campaign aims to promote environmentally sustainable development in the hospitality and tourism industry.

Corporate Social Responsibility (Cont'd)



Palace Beach and Spa (“PBS”) also actively participates in green initiatives. PBS established “AlamAnda@PBS” to meet the hotel’s green policies by monitoring and reducing consumption levels and converting the environmental efforts into effective cost savings.

Both campaigns focus on eco-friendly activities such as recycling of reading materials, water conservation, use of energy-saving products and so forth.

PGH also participated in the WWF Malaysia “Check Out For Nature” programme. PGH encourages donations from hotel guests to help protect the diverse species of flora and fauna as well as the forest, marine, coastal and freshwater environments. The donations were channelled to the WWF in Switzerland.

The Borneo Highlands Resort is also committed to environmental conservation. In early 2008, Borneo Highlands Resort’s Hornbill Golf and Jungle Club was awarded the IGOLF Laureate Course status, a commitment to promote environmental and social responsibility in golf by the International Golf and Life Foundation (IGOLF) to foster a healthier and sustainable golfing experience for golfers.

The Group undertakes to participate in various environmental conservation activities with an aim to maintain a balanced eco-system for future generations.

The Market place

The Group nurtures a culture that emphasizes quality and customer satisfaction in all its business activities. The Group practices timely delivery of quality products and services to customers.

Our Property Development Division implements measures to assure quality in its products by setting “Quality Objectives” for all the projects it manages, aiming to maximize customer satisfaction and to achieve a “zero-loss” accident rate at all its construction sites.

Golden Horse Health Sanctuary ranks quality management as its top priority for maximizing customer satisfaction. The health screening centres have implemented several quality management systems such as Customer Relationship Management (“CRM”), check-up timing management and follow-up medical and health management in order to provide the best services to its members.

Corporate Social Responsibility (Cont'd)



The Community

As a caring corporate citizen, the Group has continued to provide financial assistance to local schools, places of worship, less fortunate communities and various non-profit organizations and has participated in many charitable activities to enhance the quality of life in our communities.

During the financial year, the Group made contributions to Yayasan Sultanah Bahiyah, Kedah, Mines E-nable ICT, National Cancer Society Malaysia, Malaysian Zoological Society and Kuala Lumpur Foundation to Criminalize War. The Group also donated computers, books and stationery to schools for less fortunate students and on-going festival donations to villagers, especially during the Gawai and Christmas celebrations. The Group also participated by sponsoring a fund-raising charity night for Sichuan earthquake victims at its exhibition and convention centre

PGH and PBS frequently organize festive parties for children's homes such as Rumah Nur Hikmah at Kajang, Good Samaritan Home, Klang, and Lifespring Children's Home, Seri Kembangan.

During the year, Golden Horse Health Sanctuary and TCM Wellness centre organized a series of health talks including kidney problems and ways to prevent; preventing diabetes; strokes and prevention; the ethics of family relations and disease; is TCM scientific in the 21st century, etc to raise public awareness and enhance public knowledge on various healthcare issues. The TCM Wellness centre also contributed to the Federation of Chinese Physicians and Acupuncturists Association of Malaysia with the intention of promoting traditional Chinese medicine in Malaysia.

Apart from the initiatives that are already in place, the Group is fully committed to continue its emphasis on CSR for the long-term benefit of the wider community.



Country Heights

Property Development

100%	Country Heights Property Development Berhad
70%	Borneo Heights Sdn Bhd
100%	College Heights Utara Sdn Bhd
100%	Country Heights Development Sdn Bhd
100%	Country Heights eMarketing Services Sdn Bhd
100%	Country Heights Enterprise Sdn Bhd
100%	Country Heights Industries Sdn Bhd
100%	Country Heights Pangsa Rakyat Sdn Bhd
100%	Country Heights Pecanwood Boat Club (Pty) Ltd
100%	Country Heights Pecanwood Golf & Country Club (Pty) Ltd
100%	Country Heights Properties Sdn Bhd
100%	Country Heights Resorts & Leisure Sdn Bhd
100%	Country Heights Sdn Bhd
100%	Country Heights W.T.C. Sdn Bhd
100%	Hasil Cermat Sdn Bhd
100%	Kristal Peramah (M) Sdn Bhd
100%	Magnitude Knight (M) Sdn Bhd
100%	Master Strike Sdn Bhd
100%	Mega Palm Sdn Bhd
100%	Nasmaya Juara Sdn Bhd
100%	Profound Concept Sdn Bhd
100%	Steady Prospect Sdn Bhd
100%	Tindak Murni Sdn Bhd
100%	Walum Enterprise Sdn Bhd
100%	World Racquet Centre Sdn Bhd
100%	Timbang Makmur Sdn Bhd
100%	Speedbuild Sdn Bhd
100%	Versatile Champion Sdn Bhd
20%	Dragon Spring Investment (Labuan) Limited
100%	Country Heights China Ltd
48%	Simplex Design Sdn Bhd
30%	Mines Golf City Sdn Bhd (formerly known as PRS Homes Sdn Bhd)

Property Investment

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

Holdings Berhad

Hospitality, Leisure & Health

81%	Golden Horse Palace Berhad
100%	Borneo Highlands Hornbill Golf & Jungle Club Berhad
70%	Country Heights Health Tourism Sdn Bhd
100%	Country Heights Lifestyle Berhad
100%	Kin No Uma Sdn Bhd
100%	Mines Beach Resort Sdn Bhd
100%	Mines ePurse Sdn Bhd
70%	Country Heights Education Sdn Bhd
100%	IMEC Education Services Sdn Bhd
100%	Country Heights Sea Resort Sdn Bhd
100%	Signature Catering & Conference Services Sdn Bhd
100%	Signature Hotels Pte Ltd

Others

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



Five-Year Group Financial Highlights

31-Dec-08
RM'000

31-Dec-07
RM'000

31-Dec-06
RM'000
(Restated)

31-Dec-05
RM'000

31-Dec-04
RM'000

FINANCIAL RESULTS

(Continuing & Discontinued Operation)

Revenue	243,191	258,535	213,165	223,320	485,829
Profit / (Loss) Before Tax	18,710	78,615	(33,965)	6,829	19,670
Profit / (Loss) After Tax	8,604	99,808	(36,030)	3,141	5,110
Net Profit/(Loss) Attributable to Shareholders	13,206	100,481	(32,689)	6,661	10,873

KEY BALANCE SHEET DATA

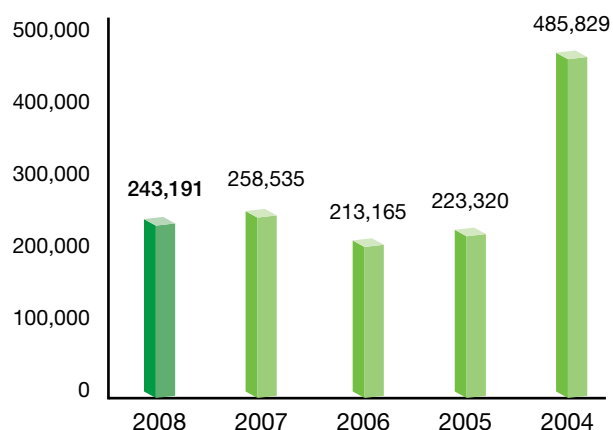
Total Assets	1,528,274	1,553,061	1,885,755	1,919,996	2,404,000
Total Liabilities	811,025	839,890	1,273,217	1,188,330	1,671,757
Share Capital	275,707	275,707	275,707	275,699	275,699
Reserves	409,702	393,679	292,373	408,168	405,931
Shareholders' Funds	685,409	669,386	568,080	683,867	681,630

FINANCIAL RATIOS

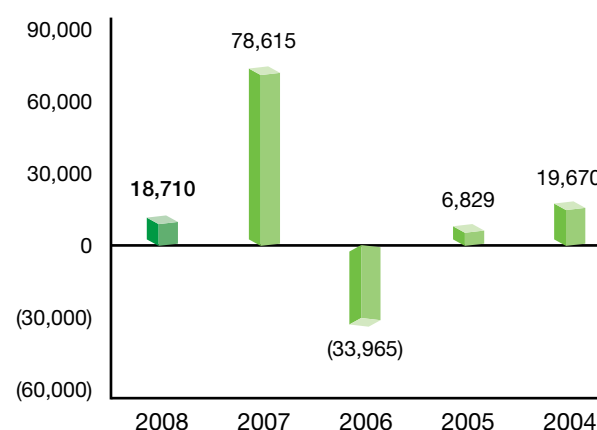
Basic Earnings/(Loss) Per Share (Sen)	4.79	36.45	(11.85)	2.42	3.94
Net Assets Per Share (RM)	2.49	2.43	2.06	2.48	2.47
Return on Total Assets (%)	0.86	6.47	(1.73)	0.35	0.45
Return on Equity (%)	1.93	15.01	(5.75)	0.97	1.60
Gearing (Net Debt / Equity)	0.51	0.60	1.47	1.18	1.71

Five-Year Group Financial Highlights (Cont'd)

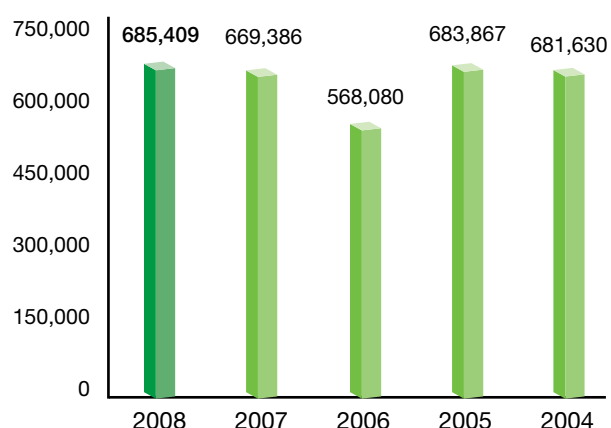
REVENUE
(RM'000)



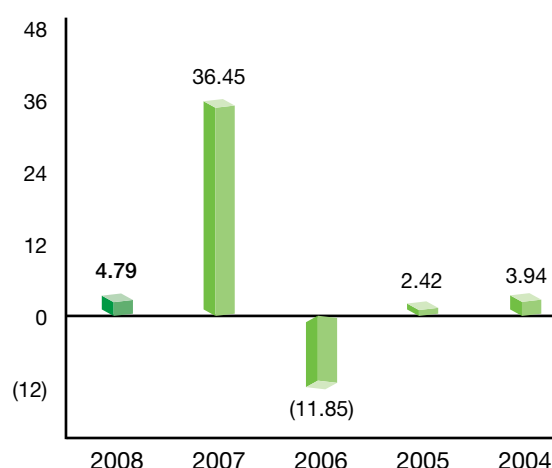
PROFIT / (LOSS) BEFORE TAX
(RM'000)



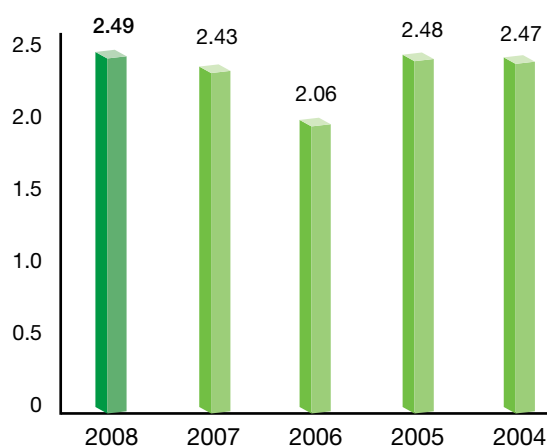
SHAREHOLDERS' FUNDS
(RM'000)



BASIC EARNINGS / (LOSS) PER SHARE
(SEN)



NET ASSETS PER SHARE
(RM)



Corporate Governance Statement

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

The Board is pleased to present below a description of how the Group has applied the Principles of Corporate Governance and the extent of compliance with the Best Practices as set out in Part 1 and Part 2, respectively, of the Malaysian Code on Corporate Governance (“Code”), pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad. These Principles and Best Practices have been applied consistently throughout the financial year ended 31 December 2008 except where otherwise stated herein.

BOARD OF DIRECTORS

The Board

The Company is headed by the Board of Directors (“the Board”) who lead and control the Company. The Board members are equipped with the relevant skills, knowledge and expertise in a wide range of industries. The Board is essential for the effective running of the Company’s affairs.

Board Balance

The Board comprises seven (7) Board members, which includes six (6) Non-Executive Directors and an Executive Director. Of the six (6) Non-Executive Directors, four (4) are Independent, thus fulfilling the requirement that at least one-third of the Board comprises Independent Directors.

The role of the Chairman and the Group Managing Director are distinct and separate to ensure a balance of power and authority. The Chairman is responsible for the Board’s effectiveness and conduct whilst the Group Managing Director has overall responsibilities over the business and operations of the companies in the Group.

None of the Independent Non-Executive Directors in the Company participate in the daily management of the Company. However, they are essential in providing unbiased and independent views and advice to ensure a balanced and impartial Board decision-making process.

Board Meetings

Board meetings are scheduled in advance at the beginning of the financial year to enable Directors to plan ahead and fit the year’s meetings into their own schedules. The Board meets regularly to inter-alia approve financial results, business plans and budgets as well as to review the performance of respective business units and other business development activities.

Senior management are invited to attend Board meetings to provide additional information and insights into the relevant agendas tabled at Board meetings.

The Board met four (4) times during the financial year. Details of each Director’s attendance are as follows:

Name of Director	No. of Meetings Attended
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	4/4
Tan Sri Lee Kim Tiong @ Lee Kim Yew	2/4
Tan Sri Datuk Dr Ong Soon Hock	3/4
Mark Victor Rozario	4/4
Nik Hassan Bin Nik Mohd Amin (appointed on 29 April 2008)	3/3
Chew Chong Eu (appointed on 29 April 2008)	2/3
Chew Cheng Keat (appointed on 29 April 2008)	3/3

Corporate Governance Statement (Cont'd)

Directors' Training

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast of the developments in the economy, industry and technology to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the Listing Requirements.

During the financial year, the Directors attended a half-day in-house training on "An Overview of the Key Obligations under the Listing Requirements of Bursa Malaysia Securities Berhad", conducted by Bursa's training arm. Furthermore, the Directors also attended other training courses, conferences and seminars to enhance their knowledge and expertise.

Re-election of Directors

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

Directors who have attained the age of seventy (70) retire at every annual general meeting and shall be eligible for re-appointment to hold office until the next annual general meeting pursuant to Section 129(6) of the Companies Act, 1965.

Supply of Information

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

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

Board Committees

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

1. Audit Committee

The report of the Audit Committee is set out on page 62 to 64 of this Annual Report.

2. Nomination Committee

The Nomination Committee comprises the following members:

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

The Committee met three (3) times during the financial year. The Committee, with its appropriate terms of reference, is primarily responsible for identifying and making recommendations for any new appointment of Board members and Senior Management positions and the retirement and re-appointment of existing Executive and Non-Executive Directors. The Committee also reviews the Board structure, size and composition including the assessment of the effectiveness of the Board, its Committees and contribution of each individual Director.

Corporate Governance Statement (Cont'd)

3. Remuneration Committee

The Directors who serve as members of the Remuneration Committee are:

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

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

4. Management Executive Committee

The Board has set up the Management Executive Committee (EXCO) to assist the Board in the day-to-day operations of the Group. The EXCO operates under clearly defined terms of reference. The EXCO comprises four senior management and is chaired by the Group Managing Director. The EXCO meets fortnightly.

The EXCO deals with a wide range of matters, including review of the monthly financial results and forecast, proposals for capital expenditure and major operating issues that arise out of the ordinary course of business. The EXCO reviews budget and business plans, acquisition, disposal and investments, operational and financial reports by all business units, and group policies and procedures before they are submitted to the Board.

DIRECTORS' REMUNERATION

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

The breakdown of the Director's remuneration during the financial year is as follows:

Description	Executive Directors (RM'000)	Non-Executive Directors (RM'000)	Total (RM'000)
Salaries & other emoluments	456*	19	475
Fees	7	82	89
EPF contributions	57*	-	57
Benefits-in-kind	71*	-	71
Total	591	101	692

Note: * inclusive of the remuneration of an executive director who during the course of the year was redesignated as a non-executive director

Corporate Governance Statement (Cont'd)

The number of Directors whose total remuneration falls into the respective bands is as follows:

Range of Remuneration (RM)	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	5
RM100,001 to RM200,000	-	1
RM400,001 to RM500,000	1	-
Total:	1	6

SHAREHOLDERS

Dialogue between the Company and Investors

The Company recognises the importance of communication and proper dissemination of information to its shareholders. The annual reports, announcements through Bursa Malaysia Securities Berhad, quarterly financial results, financial statements and circulars provide valuable insights into the latest development of the Group.

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

Annual General Meeting

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Internal Control

Information on the Group's internal control is presented in the Statement on Internal Control set out on page 65 of this Report.

Relationship with Auditors

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

Corporate Governance Statement (Cont'd)

Directors' Responsibility Statement

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

The Board of Directors is satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2008, the Group has adopted the appropriate accounting policies and applied them consistently, and that all applicable approved accounting standards have been followed.

COMPLIANCE STATEMENT

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

Material Contracts

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

Contracts Relating To Loan

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

Recurrent Related Party Transactions

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

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

Options, Warrants or Convertible Securities

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

Corporate Governance Statement (Cont'd)

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

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

Imposition of Sanctions/Penalties

There is a penalty of RM1,341,000 imposed by the Inland Revenue Board in respect of outstanding taxes relating to the financial year ended 31 December 2008.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Company and its subsidiaries for the financial year ended 31 December 2008 amounted to RM101,000.

Variation between Audited and Unaudited Results for the Financial Year Ended 31 December 2008

There was no variance of 10% or more between the audited results for the financial year ended 2008 and the unaudited results previously announced by the Company.

Profit Guarantees

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

Share Buy-Back

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

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

Revaluation of Landed Properties

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

Utilization of Proceeds

There were no corporate proposals to raise funds for the financial year ended 31 December 2008.

Audit Committee's Report

The Audit Committee of CHHB was established with the objective of assisting the Board of Directors in the areas of corporate governance, systems of internal controls, risk management and financial reporting of the Group.

The Board Audit Committee of CHHB is pleased to present the Audit Committee Report for the year ended 31 December 2008.

MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following directors, all of whom are Independent Directors. There were five meetings held during the year ended 31 December 2008 and the records of their attendance are as follows:

	No. of Meetings Attended
Chairman: Nik Hassan Bin Nik Mohd Amin (appointed on 29 April 2008)	3/3
Members: General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	5/5
Tan Sri Datuk Dr Ong Soon Hock	4/5
Chew Chong Eu (appointed on 29 April 2008)	1/3

TERMS OF REFERENCE

Composition

The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than 3 members of whom the majority shall be Independent Directors. All members of the Audit Committee shall be Non-Executive Directors.

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

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

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

Quorum

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

Attendance and Frequency of Meetings

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

The Committee shall meet with the external auditors without executive board members and employees present at least twice a year.

Audit Committee's Report (Cont'd)

Authority

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

The Committee is authorised by the Board to obtain outside legal or other independent professional advice to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Functions of the Audit Committee

The duties of the Committee include:

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

Summary of Activities of the Audit Committee

The Committee's activities during the financial year encompassed the following:

1. To review the Group's annual audit planning memorandum of the external auditors, scope of audit procedures, significant accounting and auditing issues, impact of new or proposed changes in the accounting standards and regulatory requirements;
2. To review the Group's annual audited financial statements inter alia, significant adjustments arising from audits, the going concern assumption and compliance with applicable accounting standards and regulatory requirements;
3. To review the Group's unaudited quarterly financial results focusing on its overall performance, changes in accounting policies and practices as well as compliance with applicable accounting standards and regulatory requirements;
4. To review and discuss with the external auditors concerning issues arising from their final audits and areas for improvement in relation to the audit;

Audit Committee's Report (Cont'd)

5. To review the appointment of the external auditors and their audit fees, taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit;
6. To review the internal audit plan and internal audit reports, and considered the major findings of the internal audit, corrective actions and steps taken by management in response to audit findings to ensure adequate scope and coverage over the activities of the Group; and
7. To review and monitor related party transactions and assessment of conflict of interest situations that arose within the Group.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to an external consultant since November 2005. The principal role of the outsourced internal audit function is to undertake independent periodic and systematic reviews of the system of internal control so as to provide assurance that such systems continue to operate effectively and efficiently.

The outsourced internal audit function provides independent and objective advice on the state of internal control of the various operating units within the Group and the extent of compliance with the Group's established policies and procedures as well as the relevant statutory requirements in the form of reports to the Audit Committee on a quarterly basis.

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

Statement On Internal Control

Introduction

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

Guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to provide the Statement on Internal Control outlining the nature and scope of internal control of the Group in accordance with paragraph 15.27(b) of Listing Requirements of Bursa Malaysia Securities Berhad.

Board Responsibility

The Board of CHHB acknowledges its collective responsibility for maintaining a sound system of internal control 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, it should be noted that such systems are designed to mitigate rather than to eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against material misstatements, operational failures and fraudulent activities.

Risk Management

The Board, with the assistance of the Audit Committee, continuously reviews existing risks and identifies new risks facing the Group and the management action plans to manage the risks on an ongoing basis.

The risk management process involves 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 risks as well as deliberate and consider the Group's financial performance, business development, management and corporate issues.

Internal Control Function

The Group has engaged an external independent professional services firm to carry out its internal audit function. The outsourced 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 assessment and review were set out in an internal audit plan that was approved by the Audit Committee.

Arising from these assessments and reviews, the outsourced internal audit function presented their reports to the Audit Committee on their findings, recommendations for improvements and the response from management for the Committee's deliberation and consideration.

Key Elements of Control Structure

The key elements of the Group's system of internal controls are as follows:

- The Group has in place a defined organizational structure with clear lines of responsibility and delegation of authority;
- There are proper operating procedures that cover key aspects of the Group's various processes. These procedures are regularly reviewed and updated to maintain their effectiveness over time;
- There are regular internal audit visits held to review the effectiveness of the business processes and system of internal control and to ensure accurate and timely financial management reporting;
- The Audit Committee and Board of Directors review the actual performance of the Group every quarter against the set budget, with detailed explanations of any major variances; and
- Key functions such as finance, tax, treasury, corporate affairs, strategic planning and legal matters etc are controlled and managed centrally.

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

The Board is of the view that the system of internal control is generally satisfactory. There were no material losses incurred during the financial year as a result of weaknesses in the system of internal control that would require disclosure in the annual report. Nevertheless, the Group will continue to take measures to strengthen the internal control environment.





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Directors' Report

The directors of **COUNTRY HEIGHTS HOLDINGS BERHAD** have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December, 2008.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS OF OPERATIONS

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

	Group RM'000	Company RM'000
Profit/(Loss) before tax	18,710	(3,873)
Income tax expense	(10,106)	(128)
Profit/(Loss) for the year	8,604	(4,001)
Profit/(Loss) attributable to:		
Equity holders of the Company	13,206	
Minority interests	(4,602)	
	8,604	

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

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report (Cont'd)

SHARE OPTIONS

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

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

OTHER STATUTORY INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

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

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

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

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

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

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year other than those as disclosed in Note 43 to the Financial Statements.

Directors' Report (Cont'd)

DIRECTORS

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

Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)
 Tan Sri Lee Kim Tiong @ Lee Kim Yew
 Tan Sri Datuk Dr. Ong Soon Hock
 Mark Victor Rozario
 Nik Hassan bin Nik Mohd Amin
 Chew Chong Eu
 Chew Cheng Keat

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 each			
	Balance as of 1.1.2008	Bought	Sold	Balance as of 31.12.2008
The Company				
Direct Interest:				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	84,755,530	4,844,470	-	89,600,000
Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	1,480,842	-	-	1,480,842
Tan Sri Datuk Dr. Ong Soon Hock	16,000	-	-	16,000
Indirect Interest:				
Tan Sri Lee Kim Tiong @ Lee Kim Yew	41,751,600	1,234,800	-	42,986,400
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009				
	Balance as of 1.1.2008	Bought	Sold	Balance as of 31.12.2008

The Company

Direct Interest:

Tan Sri Lee Kim Tiong @ Lee Kim Yew	150,000,000	-	-	150,000,000
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By virtue of the above directors' interest in the shares of the Company, the abovementioned directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company has an interest.

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

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 9 to the financial statements or being fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 40 to the financial statements.

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

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

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

GEN. TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)

MARK VICTOR ROZARIO

Kuala Lumpur,
24 April, 2009

Statement By Directors

The Directors of **COUNTRY HEIGHTS HOLDINGS BERHAD** state that, in their opinion, the financial statements of the Group and of the Company, which comprise the balance sheets as of 31 December, 2008, and the statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 160, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December, 2008 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

**GEN. TAN SRI (DR) MOHAMED
HASHIM BIN MOHD ALI (RTD)**

MARK VICTOR ROZARIO

Kuala Lumpur,
24 April, 2009

Declaration By The Officer Primarily Responsible For The Financial Management Of The Company

I, **TAN KOK KEE** being the Group Chief Financial Officer primarily responsible for the financial management of **COUNTRY HEIGHTS HOLDINGS BERHAD**, do solemnly and sincerely declare that the financial statements of the Group and of the Company, which comprise the balance sheets as of 31 December, 2008, and the statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 160 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN KOK KEE

Subscribed and solemnly declared
by the abovenamed **TAN KOK KEE** at
KUALA LUMPUR on 24 April, 2009.

Before me,

RAMALINGAM S.PILLAY, PPN (W432)
COMMISSIONER FOR OATHS

KUALA LUMPUR

Independent Auditors' Report

To The Members Of Country Heights Holdings Berhad (Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of **COUNTRY HEIGHTS HOLDINGS BERHAD**, which comprise the balance sheets of the Group and of the Company as of 31 December, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 160.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purposes. We do not assume responsibility towards any other person for the content of this report. The financial statements of the Group and of the Company as of 31 December, 2007 were audited by another firm of auditors whose report dated 29 April, 2008, expressed an unqualified opinion.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December, 2008 and their financial performance and cash flows for the year then ended.

Emphasis of Matter

Without qualifying our opinion, we wish to draw attention to the financial position of the Group as of 31 December, 2008 for which the current liabilities exceeded the current assets of the Group by RM180,386,000 as of December 31, 2008 as disclosed in Note 41 (d) to the Financial Statements. The net current liabilities position of the Group arose mainly from the reclassification of the Redeemable Secured Bonds 1996/2009 with a related party amounting to RM150,000,000 ("the Bonds") to current liabilities due to its maturity on 31 December, 2009 as disclosed in Note 29 to the Financial Statements. The Group's redemption of the Bonds is dependent upon the ability of management to successfully obtain refinancing arrangements.

Independent Auditors' Report

To The Members Of Country Heights Holdings Berhad (Incorporated In Malaysia) (Cont'd)

Report on Other Legal and Regulatory Requirements

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

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

OOI THIAM POH
Partner - 2495/01/10 (J)
Chartered Accountant

24 April, 2009

Income Statements

For The Year Ended 31 December, 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations					
Revenue	4	243,191	219,780	4,361	17,802
Cost of sales	5	(104,291)	(101,332)	-	-
Gross profit		138,900	118,448	4,361	17,802
Other operating income		15,560	21,492	1,244	3,883
Selling and marketing expenses		(7,124)	(7,953)	(270)	(214)
Administrative expenses		(20,483)	(22,556)	(3,324)	(3,244)
Other operating expenses		(81,315)	(76,331)	(5,879)	(5,435)
Finance costs	6	(26,807)	(45,590)	(5)	(163)
Share of loss of associates		(21)	(158)	-	-
Profit/(Loss) before tax	7	18,710	(12,648)	(3,873)	12,629
Income tax expense	10	(10,106)	(12,460)	(128)	(1,705)
Profit/(Loss) for the year from continuing operations		8,604	(25,108)	(4,001)	10,924
Discontinued Operation					
Profit for the year from discontinued operation	12	-	124,916	-	-
Profit/(Loss) for the year		8,604	99,808	(4,001)	10,924
Attributable to:					
Equity holders of the Company		13,206	100,481	(4,001)	10,924
Minority interests		(4,602)	(673)	-	-
		8,604	99,808	(4,001)	10,924
Earnings per share attributable to equity holders of the Company (sen):					
Basic, for profit/(loss) from continuing operations	11(a)	4.79	(8.86)		
Basic, for profit from discontinued operation	11(a)	-	45.31		
Basic, for profit for the year	11(a)	4.79	36.45		
Diluted	11(b)	N/A	N/A		
Net dividends per ordinary share in respect of the year (sen)		-	-		

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

Balance Sheets

As Of 31 December, 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Hotel properties and exhibition centre & showroom	13	344,676	348,675	-	-
Other property, plant and equipment	14	123,721	112,676	993	58
Property, plant and equipment		468,397	461,351	993	58
Investment properties	15	142,581	91,367	-	-
Prepaid land lease payments	16	352,637	356,943	-	-
Land held for property development	17(a)	193,135	176,638	-	-
Investment in subsidiaries	18	-	-	225,784	224,832
Investment in associates	19	3,274	3,295	247	247
Other investments	20	874	3,496	718	3,181
Long-term trade receivables	23	17,600	17,349	-	-
Funds held in trust	24	4,321	3,998	-	-
Deferred tax assets	33	10,709	13,486	-	-
Goodwill on consolidation	21	-	-	-	-
Total non-current assets		1,193,528	1,127,923	227,742	228,318
Current assets					
Property development costs	17(b)	90,284	104,619	-	-
Inventories	22	139,428	159,141	-	-
Trade and other receivables	23	88,833	108,480	553,575	549,091
Tax recoverable		3,049	2,915	2,108	2,231
Cash and bank balances	25	13,152	49,110	81	535
Non-current asset classified as held for sale	26	334,746	424,265	555,764	551,857
		-	873	-	-
Total current assets		334,746	425,138	555,764	551,857
TOTAL ASSETS		1,528,274	1,553,061	783,506	780,175

Balance Sheets

As Of 31 December, 2008 (Cont'd)

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	35	275,707	275,707	275,707	275,707
Share premium		57,251	57,251	57,251	57,251
Other reserves	36	159,102	159,008	19,048	19,048
Retained earnings	37	193,349	177,420	26,771	30,772
		685,409	669,386	378,777	382,778
Minority interest		31,840	43,785	-	-
Total equity		717,249	713,171	378,777	382,778
Non-current liabilities					
Borrowings	27	170,350	376,292	451	150,000
Long-term liabilities	32(a)	3,860	5,073	-	-
Deferred income	32(b)	31,856	27,734	-	-
Deferred tax liabilities	33	89,827	92,702	-	-
Total non-current liabilities		295,893	501,801	451	150,000
Current liabilities					
Borrowings	27	177,557	27,952	150,151	-
Trade and other payables	34	283,222	262,521	254,127	247,397
Tax liabilities		54,353	47,616	-	-
Total current liabilities		515,132	338,089	404,278	247,397
Total liabilities		811,025	839,890	404,729	397,397
TOTAL EQUITY AND LIABILITIES		1,528,274	1,553,061	783,506	780,175

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

Statement Of Changes In Equity

For The Year Ended 31 December, 2008

Group	Note	Share Capital RM'000	Non-distributable Reserves Share Premium RM'000	Other Reserves RM'000	Distributable Reserves Retained Earnings RM'000	Attributable to Equity Holders of the Parent RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1 January, 2007		275,707	57,251	159,343	75,779	568,080	44,458	612,538
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	36(a)	-	-	(1,863)	1,863	-	-	-
Transfer from deferred tax	33	-	-	2,179	(703)	1,476	-	1,476
Exchange differences arising on translation of foreign operations	36(b)	-	-	(651)	-	(651)	-	(651)
Net transfers and profit recognised directly in equity		-	-	(335)	1,160	825	-	825
Profit for the year		-	-	-	100,481	100,481	(673)	99,808
Total recognised income and expense for the year		-	-	(335)	101,641	101,306	(673)	100,633
Balance at 31 December, 2007		275,707	57,251	159,008	177,420	669,386	43,785	713,171
Balance at 1 January, 2008		275,707	57,251	159,008	177,420	669,386	43,785	713,171
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	36(a)	-	-	(1,864)	1,864	-	-	-
Transfer from deferred tax	33	-	-	-	969	969	-	969
Exchange differences arising on translation of foreign operations	36(b)	-	-	(5,495)	-	(5,495)	-	(5,495)
Net transfers and losses recognised directly in equity		-	-	(7,359)	2,833	(4,526)	-	(4,526)
Reclassification		-	-	7,453	(110)	7,343	(7,343)	-
Profit for the year		-	-	-	13,206	13,206	(4,602)	8,604
Total recognised income and expense for the year		-	-	94	15,929	16,023	(11,945)	4,078
Balance at 31 December, 2008		275,707	57,251	159,102	193,349	685,409	31,840	717,249

Statement Of Changes In Equity

For The Year Ended 31 December, 2008 (Cont'd)

Company	Share Capital RM'000	Non-distributable Reserves		Distributable Reserves Retained Earnings RM'000	Total RM'000
		Share Premium RM'000	Other Reserves RM'000		
Balance at 1 January, 2007	275,707	57,251	19,048	19,848	371,854
Total recognised income and expense for the year - profit for the year	-	-	-	10,924	10,924
Balance at 1 January, 2008	275,707	57,251	19,048	30,772	382,778
Total recognised income and expense for the year - loss for the year	-	-	-	(4,001)	(4,001)
Balance at 31 December, 2008	275,707	57,251	19,048	26,771	378,777

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

Cash Flow Statements

For The Year Ended 31 December, 2008

Group	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax from:			
Continuing operations		18,710	(12,648)
Discontinued operation	12	-	91,263
		18,710	78,615
Adjustments for:			
Interest expense:			
Continuing operations	6	26,807	45,590
Discontinued operation	12	-	15,288
Depreciation of other property, plant and equipment	14	8,157	14,449
Bad debts written off		8,103	5,407
Allowance for doubtful debts		7,389	6,733
Amortisation of prepaid land lease payment	16	4,306	4,488
Depreciation of hotel properties and exhibition centre & showroom	13	4,196	4,198
Loss/(Gain) on disposal of other investments		390	(2,055)
Impairment losses in value of other investments		160	124
Share of results of associates		21	158
Investment properties written off	15	4	105
Other property, plant and equipment written off		4	5
Inventories written off		1	95
Net unrealised foreign exchange loss/(gain)		1	(295)
Gain on disposal of investment properties		(3,301)	(84,201)
Allowance for doubtful debts written back		(1,371)	(3,497)
Interest income		(944)	(2,354)
Amortisation of deferred income		(746)	(659)
Reversal of impairment losses in value of other investments		(123)	(341)
Gain on disposal of other property, plant and equipment		(69)	(469)
Reversal of deferred income		(30)	(273)
Dividend income	4	(23)	(56)
Fair value adjustment to investment properties	15	-	(694)
Loss on disposal of investment in associate		-	15
Operating profit before working capital changes		71,642	80,376
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		19,366	274
Property development costs		(4,063)	755
Receivables		(1,763)	(63,716)
Increase/(Decrease) in:			
Deferred income		5,728	3,087
Payables		17,439	45,722
Cash generated from operations		108,349	66,498
Interest paid		(10,342)	(38,143)
Income tax paid		(2,937)	(1,566)
Net cash from operating activities		95,070	26,789

Cash Flow Statements

For The Year Ended 31 December, 2008 (Cont'd)

Group	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of other investments		3,399	15,662
Interest received		944	2,196
Proceeds from disposal of other property, plant and equipment		231	1,998
Net dividend received		19	46
Purchase of other property, plant and equipment (a)		(14,114)	(6,767)
Expenditure on investment properties (b)		(51,953)	(944)
Additional investment in other investments		(1,204)	(9,587)
Expenditure on hotel properties and exhibition centre & showroom	13	(197)	(1,206)
Investment in associates	19	-	(3,110)
Proceeds from disposal of investment properties		-	421,421
Proceeds from disposal of subsidiaries	18(a)	-	3,740
Proceeds from disposal of associates	19	-	252
Net cash (used in)/from investing activities		(62,875)	423,701
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayment of Bank Guaranteed Commercial Paper/Medium Term Notes		(55,000)	(4,357)
Repayment of revolving credits		(9,066)	(6,900)
Bond interest expense paid		(9,025)	(9,000)
Hire purchase and lease creditors		(727)	(515)
Repayment of term loans		(288)	(288)
Drawdown of Bank Guaranteed Commercial Paper/Medium Term Notes		7,000	3,000
Drawdown of golf membership loans		30	294
Repayment of working capital loan		-	(2,740)
Repayment of RCSLS Series A	30	-	(420,000)
Net cash used in financing activities		(67,076)	(440,506)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(34,881)	9,984
Effects of foreign exchange rate changes		(498)	(23)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		45,115	35,154
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	9,736	45,115

Cash Flow Statements

For The Year Ended 31 December, 2008 (Cont'd)

Note:

- (a) During the current financial year, the Group acquired property, plant and equipment through the following arrangements:

		Group	
	Note	2008 RM'000	2007 RM'000
Total costs of property, plant and equipment	14	23,429	7,505
Less: Purchase consideration satisfied by:			
Hire-purchase		(1,775)	(738)
Payables		(1,391)	-
Receivables		(6,149)	-
		<u>14,114</u>	<u>6,767</u>

- (b) During the current financial year, the Group and the Company acquired investment properties through the following arrangements:

		Group	
	Note	2008 RM'000	2007 RM'000
Total additions from subsequent expenditure	15	53,345	944
Less: Purchase consideration satisfied by payables		<u>(1,392)</u>	<u>-</u>
		<u>51,953</u>	<u>944</u>

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

Cash Flow Statements

For The Year Ended 31 December, 2008 (Cont'd)

Company	Note	2008 RM'000	2007 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
(Loss)/Profit before tax		(3,873)	12,629
Adjustments for:			
Allowance for doubtful debts:			
- Subsidiaries		9,907	261
- Other receivables		-	235
Loss/(Gain) on disposal of other investments		390	(2,055)
Waiver of debts owing from subsidiary		128	-
Depreciation of other property, plant and equipment	14	108	18
Interest expense	6	5	163
Allowance for doubtful debts written back:			
- Subsidiaries		(5,910)	(1,398)
- Other receivables		(235)	(1,602)
Reversal of impairment losses in value of:			
- Investment in subsidiaries		(952)	-
- Other investment		(123)	(231)
Dividend income	4	(23)	(15,596)
Interest income		(3)	(14)
Impairment losses in investment of subsidiaries		-	4,269
Loss on disposal of investment in subsidiaries		-	1,451
Impairment losses in value of other investments		-	124
Gain on disposal of other property, plant and equipment		-	(2)
Operating loss before working capital changes		(581)	(1,748)
Movements in working capital:			
(Increase)/Decrease in:			
Receivables		(105)	5,359
Increase/(Decrease) in:			
Payables		(12,347)	8,656
Related companies balances		10,541	(21,677)
Net cash used in operating activities		(2,492)	(9,410)

Cash Flow Statements

For The Year Ended 31 December, 2008 (Cont'd)

Company	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of other investments		2,196	15,662
Net dividend received		19	46
Interest received		3	14
Purchase of other property, plant and equipment (a)		(117)	(17)
Additional investment in other investments		-	(9,587)
Proceeds from disposal of investment in subsidiaries	18(a)	-	3,749
Proceeds from disposal of other property, plant and equipment		-	3
Net cash from investing activities		2,101	9,870
CASH FLOWS USED IN FINANCING ACTIVITY			
Hire purchase and lease creditors, representing cash flows used in financing activity		(63)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(454)	460
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		535	75
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	81	535

Note:

- (a) During the current financial year, the Company acquired property, plant and equipment through the following arrangements:

	Note	Company 2008 RM'000	2007 RM'000
Total costs of property, plant and equipment	14	1,043	17
Less: Purchase consideration satisfied by:			
Hire-purchase		(665)	-
Payables		(211)	-
Receivables		(50)	-
		117	17

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008

1. CORPORATE INFORMATION

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

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

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

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

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 24 April, 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs"), the applicable approved accounting standards in Malaysia issued by the Malaysian Accounting Standards Board ("MASB").

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

(a) Adoption of Revised FRSs and Issues Committee ("IC") Interpretations

During the current financial year, the Group and the Company adopted all the revised Financial Reporting Standards ("FRS"), amendment to FRS and IC Interpretations issued by the MASB that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008 as follows:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a foreign operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of these revised FRSs and IC Interpretations have no material effects on the financial statements of the Group and of the Company for the current and previous financial years.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

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

(b) Standards and Interpretations in issue but not yet adopted

At the date of authorisation of these financial statements, the following FRSs and IC Interpretations were in issue but not yet effective:

FRS 4	Insurance Contracts **
FRS 7	Financial Instruments: Disclosures **
FRS 8	Operating Segments *
FRS 139	Financial Instruments: Recognition and Measurement **
IC Interpretation 9	Reassessment of Embedded Derivatives **
IC Interpretation 10	Interim Financial Reporting and Impairment **

* Effective for accounting periods beginning on or after 1 July, 2009.

** Effective for accounting periods beginning on or after 1 January, 2010.

FRS 139 establishes the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of the said standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed.

The directors anticipate that the adoption of the other FRSs and IC Interpretations above in future periods will have no material financial impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

Basis of Consolidation

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

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

Minority interest represents that portion of the income statement and net assets in subsidiaries not held by the Group. Minority interest is measured at the minorities' share of the fair values of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Investments In Subsidiaries

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

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

Investment In Associates

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

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

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

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

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

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

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in income statement.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill on Consolidation

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Revenue Recognition

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

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

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

(i) Sale of Properties

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

(ii) Revenue from Hotel Operations

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

(iii) Management Fees

Management fees are recognised when services are rendered.

(iv) Golf and Health Membership

Revenue is recognised upon signing of the membership agreement.

(v) Subscription Fees

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition (Cont'd)

(vi) Timeshare Fees

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

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

(vii) Rental Income

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

(viii) Revenue from Services

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

(ix) Interest Income

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

(x) Revenue from Promotions

Revenue from promotions is recognised on an accrual basis.

(xi) Dividend Income

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

Deferred Income

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

Non-Current Assets Held For Sale and Discontinued Operation

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Non-Current Assets Held For Sale and Discontinued Operation (Cont'd)

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

Leases

(i) Classification

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

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

(ii) Finance Leases - the Group as Lessee

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

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

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

(iii) Operating Leases - the Group as Lessee

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

(iv) Operating Leases - the Group as Lessor

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

Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statements for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statements. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operations, are recognised in the income statements for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in the income statements 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 the income statements for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign Currencies (Cont'd)

(iii) Foreign Operations

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

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

Employee Benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

Borrowing Costs

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

All other borrowing costs are recognised in the income statements in the period in which they are incurred.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation

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

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

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

Property, Plant and Equipment and Depreciation

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

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

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Certain freehold land and buildings of the Group were revalued based on independent valuations on an open market value basis in 1994 and have not since been revalued. The directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, as approved by the Malaysian Accounting Standards Board, these assets have continued to be stated on the basis of their 1994 valuations less accumulated depreciation and accumulated impairment.

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

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

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

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

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

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

Prepaid Lease Payments

Leasehold land that has an indefinite economic life and title is not expected to pass to the Group by the end of the lease period is classified as operating lease. The upfront payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are stated at cost less amount amortised.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment Properties

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

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

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statements in the year in which they arise.

Land Held For Property Development

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

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

Property Development Costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statements by using the stage of completion method.

The stage of completion is determined by the proportion of the property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of Non-Financial Assets

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

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

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

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

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

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

Inventories

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provisions

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

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

Financial Instruments

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

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

(i) Cash and Cash Equivalents

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

Cash and cash equivalents comprise cash and bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, against which bank overdraft, if any, is deducted.

(ii) Other Non-Current Investments

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

(iii) Marketable Securities

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

(iv) Trade Receivables

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

(v) Trade Payables

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

(vi) Interest Bearing Loans and Borrowings

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

(vii) Equity Instruments

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

(viii) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements. Further details of derivative financial instruments are disclosed in Note 41 to the financial statements.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Operating Lease Commitments - The Group As Lessor

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

(iii) Revenue Recognition

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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

(iii) Revenue Recognition (Cont'd)

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

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

(b) Key sources of estimation uncertainty

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

(i) Revenue Recognition on Timeshare Fee

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

Significant judgement is required in determining the stage of completion, the extent of the membership costs incurred, the estimated total membership costs, as well as the recoverability of the membership fees. In making the judgement, the Group evaluates based on past experience and the analysis of membership costs incurred on yearly basis.

During the financial year, the Group revised its percentage on initial revenue recognition on timeshare fees from 75% to 71%, which results in a revenue reduction of RM4,518,000 in the income statements.

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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

(iii) Property Development

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

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

(iv) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of deferred tax assets are disclosed in Note 33.

(v) Income Tax

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

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

The Group reviews the estimated useful lives of certain property, plant and equipment at the end of each annual reporting period. During the current financial year, the directors are of the opinion that there is no requirement to revise the estimated useful lives of property, plant and equipment.

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

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

In estimating the recoverable amounts of hotel properties and certain other property, plant and equipment and prepaid land lease payments, the directors have made reference to valuations on 29 February, 2008 and updated on 12 February, 2009 by Mr. Chockalingam P. Mohan, a register valuer of TD Aziz Sdn Bhd, an independent firm of professional valuers using the comparison method, involving comparisons to other similar properties. The directors have also made reference to values in-use of those properties in determining the recoverable amount.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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

(vii) Impairment of Property, Plant and Equipment and Prepaid Land Lease Payments (Cont'd)

The recoverable amount of the exhibition centre & showroom used in the impairment review is determined based on a valuation report dated 29 February, 2008 and updated on 12 February, 2009 by Chockalingam P. Mohan, a register valuer of TD Aziz Sdn Bhd, an independent firm of professional valuers, using the comparison method and the depreciated replacement cost method. The directors have also made reference to values in-use of those properties, which involves judgment and estimation of the cash generating unit ("CGU") to which the assets belong and the use of appropriate discount rates on a pre-tax basis.

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

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

4. REVENUE

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Property development	141,402	107,359	-	-
Property investment	11,901	8,290	-	-
Hospitality, leisure and health	89,865	104,075	-	-
Gross dividend income				
- quoted shares	23	56	23	56
- unquoted shares	-	-	-	15,540
Management fees from subsidiaries	-	-	4,338	2,206
	<u>243,191</u>	<u>219,780</u>	<u>4,361</u>	<u>17,802</u>

5. COST OF SALES

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Property development	34,431	28,976	-	-
Cost of inventories sold	18,818	10,522	-	-
Cost of services rendered	51,042	61,834	-	-
	<u>104,291</u>	<u>101,332</u>	<u>-</u>	<u>-</u>

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

6. FINANCE COSTS

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations					
Interest expense on:					
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009	29	12,000	12,000	12,000	12,000
Reimbursed from a subsidiary		-	-	(12,000)	(12,000)
		12,000	12,000	-	-
Bank Guaranteed Commercial Paper and Medium Term Notes	31	7,909	6,805	-	-
Term loans, revolving credits and bank overdrafts		3,659	4,950	-	-
68,821,674 Redeemable Secured Loan Stock 2004/2011 ("RSLs Series B")	30	3,441	10,436	-	-
Hire purchase and lease		121	370	7	-
420,000,000 Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A")	30	-	9,015	-	-
Others		-	2,781	(2)	163
		27,130	46,357	5	163
Less: Interest expense capitalised in qualifying assets					
- Property development cost	17(b)	(323)	(767)	-	-
		26,807	45,590	5	163

7. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been arrived at after charging/(crediting):

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense	8	39,903	46,690	1,926	2,019
Depreciation of other property, plant and equipment	14	8,157	14,449	108	18
Bad debts written off		8,103	5,407	-	-
Allowance for doubtful debts:					
- subsidiaries		-	-	9,907	261
- others		7,389	6,733	-	235
Amortisation of prepaid land lease payments	16	4,306	4,488	-	-
Depreciation of hotel properties and exhibition centre & showroom	13	4,196	4,198	-	-
Tax penalty		1,341	2,744	-	-
Rental of premises		1,273	1,087	991	-
Lease rental expense		962	1,473	65	69

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

7. PROFIT/(LOSS) BEFORE TAX (Cont'd)

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Auditors' remuneration:					
Statutory audits					
- auditors of the Group		380	397	50	50
- other auditors		95	141	-	-
Loss/(Gain) on disposal of other investments		390	(2,055)	390	(2,055)
Non-executive Company directors' remuneration	9	336	107	101	93
Rental of equipment		178	125	-	-
Impairment losses in value of:					
- other investments		160	124	-	124
- investment in subsidiaries		-	-	-	4,269
Investment properties written off	15	4	105	-	-
Other property, plant and equipment written off		4	5	-	-
Inventories written off		1	95	-	-
Net unrealised foreign exchange loss/(gain)		1	(295)	-	-
Loss on disposal of investment in associate		-	15	-	-
Waiver of debts owing from subsidiary		-	-	128	-
Loss on disposal of investment in subsidiaries		-	-	-	1,451
Fair value adjustment to investment properties	15	-	(694)	-	-
Bad debts recovered		(11)	(4)	-	-
Reversal of deferred income		(30)	(273)	-	-
Gain on disposal of other property, plant and equipment (see note (a) below)		(69)	(469)	-	(2)
Reversal of impairment losses in value of:					
- investment in subsidiaries		-	-	(952)	-
- other investment		(123)	(341)	(123)	(231)
Rental income		(546)	(1,642)	-	-
Interest income:					
- short-term deposits		(637)	(1,878)	(3)	(14)
- others		(307)	(476)	-	-
Amortisation of deferred income		(746)	(659)	-	-
Allowance for doubtful debts written back:					
- subsidiaries		-	-	(5,910)	(1,398)
- others		(1,371)	(3,497)	(235)	(1,602)
Gain on disposal of investment properties (see note (a) below)		(3,301)	(84,201)	-	-

- (a) In 2007, certain gains on disposal of other property, plant and equipment and investment properties of the Group amounting to RM358,000 and RM82,552,000 respectively arose from the disposal of Mines Shopping Fair as disclosed in Note 12.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	29,860	35,208	1,574	1,561
Social security costs	417	463	7	8
Contribution to defined contribution plans	3,341	3,722	233	175
Other staff related expenses	6,285	7,297	112	275
	39,903	46,690	1,926	2,019

Included in employee benefits expense of the Group and of the Company are remuneration (excluding benefits-in-kind) of executive directors of the Group and of the Company amounting to RM1,861,000 (2007: RM2,160,000) and RM662,000 (2007: RM911,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

Non-Executive Directors:

- (i) Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)
- (ii) Tan Sri Lee Kim Tiong @ Lee Kim Yew (redesignated as Non-Executive Director effective 22 April, 2008)
- (iii) Tan Sri Datuk Dr Ong Soon Hock
- (iv) Chew Cheng Keat
- (v) Chew Chong Eu
- (vi) Nik Hassan Bin Nik Mohd Amin
- (vii) Dato' Azhar bin Hashim (resigned on 29 April, 2008)
- (viii) Choo Chin Thye (resigned on 29 April, 2008)
- (ix) Abu Yazid bin Muharam (resigned on 29 April, 2008)
- (x) Ng Nyi Hong (redesignated as Non-Executive Director effective March 2007; resigned on 29 April, 2008)

Executive Directors:

- (i) Tan Sri Lee Kim Tiong @ Lee Kim Yew (redesignated as Non-Executive Director effective 22 April, 2008)
- (ii) Mark Victor Rozario
- (iii) Dato' Ong Chong Sek (resigned on 29 April, 2008)
- (iv) Lee Sow Lin (resigned on 29 April, 2008)
- (v) Choo Chee Beng (resigned on 3 March, 2008)
- (vi) Ng Nyi Hong (redesignated as Non-Executive Director effective March 2007; resigned on 29 April, 2008)

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

9. DIRECTORS' REMUNERATION (Cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Non-Executive Directors				
Fees and other emoluments	181	93	101	93
Executive Directors:				
Salaries, fee and other emoluments	495	976	463	351
Bonus	-	449	-	449
Contribution to defined contribution plans	61	188	57	111
Benefits-in-kind	73	103	71	41
	629	1,716	591	952
	810	1,809	692	1,045
Directors of Subsidiaries				
Non-Executive Directors				
Fees and other emoluments	155	14	-	-
Executive Directors:				
Salaries and other emoluments	1,015	452	-	-
Bonus	165	33	125	-
Contribution to defined contribution plans	125	62	17	-
Benefits-in-kind	97	8	-	-
	1,402	555	142	-
	1,557	569	142	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 8)	1,861	2,160	662	911
Total non-executive directors' remuneration (Note 7)	336	107	101	93
Total directors' remuneration excluding benefits-in-kind [Note 40 (b)]	2,197	2,267	763	1,004

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

10. INCOME TAX EXPENSE

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing operations					
Current tax expense:					
Malaysian		12,557	4,345	-	1,659
Foreign		-	148	-	-
(Over)/under provided in prior year		(1,305)	(716)	128	46
Tax saving from group relief		(1,728)	(841)	-	-
		9,524	2,936	128	1,705
Deferred tax expense: 33					
Relating to origination and reversal of temporary differences		(915)	10,992	-	-
Relating to changes in Malaysian/Statutory tax rates		-	(605)	-	-
Relating to changes in foreign/statutory tax rates		(80)	-	-	-
Reversal of temporary differences in respect of depreciation on revaluation surplus		(992)	(992)	-	-
Under provided in prior years		2,569	129	-	-
		582	9,524	-	-
		10,106	12,460	128	1,705
Discontinued operations					
Current tax expense:					
Malaysian		-	1,707	-	-
Over provided in prior year		-	(40)	-	-
		-	1,667	-	-
Deferred tax expense: 33					
Relating to origination and reversal of temporary differences		-	(33,926)	-	-
Relating to changes in Malaysian/Statutory tax rates		-	(1,358)	-	-
Over provided in prior years		-	(36)	-	-
		-	(35,320)	-	-
	12	-	(33,653)	-	-
Total		10,106	(21,193)	128	1,705

Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions. In the previous financial year, the income tax rate applicable to the subsidiaries in South Africa was reduced from 29% to 28%. However, there is no change to the tax rate in the current financial year.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

10. INCOME TAX EXPENSE (Cont'd)

Taxation for small and medium scale subsidiaries with paid-up capital of RM2,500,000 and below are calculated at the rate of 20% on chargeable income up to RM500,000 (2007: RM500,000). For chargeable income in excess of RM500,000, the statutory tax rate of 26% (2007: 27%) is applicable.

The group tax charge for the year has been reduced by RM1,728,000 (2007: RM841,000) because of the losses surrendered by certain loss making subsidiaries to certain profit making subsidiaries. No payment for this surrender was made among the subsidiaries involved.

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

Group	2008 RM'000	2007 RM'000
Profit/(Loss) before tax from:		
Continuing operations	18,710	(12,648)
Discontinued operation	-	91,263
Profit before tax from operations	18,710	78,615
Tax at the applicable tax rate of:		
20% of the first RM500,000 of chargeable income	(30)	(29)
26% (2007: 27%) of the remaining chargeable income	4,864	21,226
Tax effects of:		
Expenses that are not deductible in determining taxable profit	13,815	22,977
Reduction in Malaysian income tax rate	-	(1,963)
Income that are not taxable in determining taxable profit	(10,540)	(72,117)
Different tax rates in other jurisdictions	-	3
Share of results of associates	-	43
Utilisation of tax losses carry forward and unabsorbed capital allowances previously not recognised	(701)	(1,483)
Deferred tax assets not recognised	4,089	14,294
Deferred tax assets recognised	65	(1,612)
Reversal of deferred tax liabilities in respect of depreciation transfer on revalued hotel properties and exhibition centre & showroom	(992)	(992)
Group relief	(1,728)	(841)
Reversal of deferred tax recognised for revalued freehold land and building	-	(36)
(Over)/Under provision in prior years in respect of:		
Current tax	(1,305)	(756)
Deferred tax	2,569	93
Tax expense/(credit) for the year	10,106	(21,193)

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

10. INCOME TAX EXPENSE (Cont'd)

Company	2008 RM'000	2007 RM'000
(Loss)/Profit before tax	(3,873)	12,629
Tax at the applicable statutory tax rate of 26% (2007:27%)	(1,007)	3,410
Tax effects of:		
Expenses that are not deductible in determining taxable profit	2,884	1,499
Income that are not taxable in determining taxable profit	(1,877)	(1,974)
Deferred tax assets recognised	-	(1,276)
Under provision in prior years in respect of current tax	128	46
Tax expense for the year	128	1,705

11. EARNINGS PER SHARE

(a) Basic

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

	Group 2008 RM'000	2007 RM'000
Profit/(Loss) from continuing operations attributable to ordinary equity holders of the Company	13,206	(24,435)
Profit from discontinued operation attributable to ordinary equity holders of the Company	-	124,916
Profit attributable to ordinary equity holders of the Company	13,206	100,481
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	275,707	275,707
Basic earnings per share (sen) for:		
Continuing operations	4.79	(8.86)
Discontinued operation	-	45.31
	4.79	36.45

(b) Diluted

There is no dilution in earnings per share as the Company has no dilutive potential ordinary shares.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

12. DISCONTINUED OPERATION

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

The disposal of MSF resulted in the discontinuation of the letting of shopping mall lots and promotion space operations, which was included in the property investment segment.

An analysis of the result of discontinued operation in 2007 is as follows:

	Note	Group 2007 RM'000
Revenue		38,755
Cost of sales		(9,348)
Gross profit		29,407
Other income, including gain on disposal of Mines Shopping Fair		85,067
Other operating expenses		(7,923)
Finance cost, representing interest on RCSLS Series A	30	(15,288)
Profit before tax		91,263
Income tax expense, including reversal of deferred tax liabilities on disposal of Mines Shopping Fair	10	33,653
Profit for the year		124,916

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

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

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

12. DISCONTINUED OPERATION (Cont'd)

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

	Group 2007 RM'000
Cash flows from/(used in):	
Operating activities	(418,483)
Investing activities	420,290
Total cash flows	<u>1,807</u>

13. HOTEL PROPERTIES AND EXHIBITION CENTRE & SHOWROOM

Group	Hotel Properties RM'000	Exhibition Centre & Showroom RM'000	Total RM'000
As of 31 December, 2008			
Valuation			
As of 1 January, 2007	306,669	134,840	441,509
Additions	1,206	-	1,206
As of 31 December, 2007	307,875	134,840	442,715
Additions	197	-	197
As of 31 December, 2008	308,072	134,840	442,912
Accumulated Depreciation			
As of 1 January, 2007	3,283	852	4,135
Charge for the year	3,346	852	4,198
As of 31 December, 2007	6,629	1,704	8,333
Charge for the year	3,343	853	4,196
As of 31 December, 2008	9,972	2,557	12,529
Accumulated Impairment Losses			
As of 31 December, 2007 / 2008	24,162	61,545	85,707
Carrying Amount			
As of 31 December, 2008	273,938	70,738	344,676
As of 31 December, 2007	277,084	71,591	348,675

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

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

No adjustment has been made to the carrying amount of Palace of the Golden Horses since 20 May, 2004 as the directors, based on another valuation carried out on 29 February, 2008 and updated on 12 February, 2009 by Chockalingam P.Mohan, a registered valuer of TD Aziz Sdn. Bhd., an independent firm of professional valuers, using the comparison method of valuation, regard the carrying value to approximate the market value.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

13. HOTEL PROPERTIES AND EXHIBITION CENTRE & SHOWROOM (Cont'd)

Palace Beach & Spa is stated at directors' assessment of valuation which is determined by reference to a professional valuation carried out by Chockalingam P.Mohan, a registered valuer of the independent professional valuer company, TD Aziz Sdn. Bhd., on 29 February, 2008 and updated on 12 February, 2009 using the comparison method and by directors' reference to the value-in-use of Palace Beach & Spa.

Malaysia International Exhibition & Convention Centre & Showroom held by Mines International Exhibition Centre Sdn. Bhd. is stated at directors' assessment of valuation which is determined by reference to a professional valuation carried out by Chockalingam P.Mohan, a registered valuer of the independent professional valuer company, TD Aziz Sdn Bhd on 29 February, 2008 and updated on 12 February, 2009 using the comparison method and depreciated replacement cost method.

As of 31 December, 2008, had the revalued hotel properties and exhibition centre & showroom of the Group been carried under the cost model, the carrying amount would have been RM247,076,000 (2007: RM249,855,000) and RM70,738,000 (2007: RM71,591,000) respectively.

Palace of the Golden Horses and Malaysia International Exhibition & Convention Centre & Showroom are pledged as security for borrowings as disclosed in Notes 29 and 30 respectively.

14. OTHER PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs & Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
Cost/Transitional Cost*									
As of 1 January, 2008		4,158	13,854	31,983	118,770	67,702	6,253	33,726	276,446
Reclassification		6,926	(6,925)	220	(247)	(1,399)	1,425	-	-
Additions		13,337	-	1,043	1,984	155	2,209	4,701	23,429
Disposals/write-off		-	-	(535)	(425)	(1,374)	(507)	-	(2,841)
Exchange differences		-	-	(271)	-	(4,221)	(43)	-	(4,535)
As of 31 December, 2008		24,421	6,929	32,440	120,082	60,863	9,337	38,427	292,499
Representing:									
At cost		-	6,929	32,440	120,082	60,863	9,337	38,427	268,078
At transitional cost*		24,421	-	-	-	-	-	-	24,421
Accumulated Depreciation									
As of 1 January, 2008		387	2,545	28,220	108,795	11,704	3,802	-	155,453
Reclassification		1,178	(1,178)	78	(78)	(1,341)	1,341	-	-
Depreciation charge for the year		138	311	1,640	4,136	1,002	930	-	8,157
Disposals/write-off		-	-	(938)	(5)	(1,374)	(358)	-	(2,675)
Exchange differences		-	-	(235)	(5)	(204)	(30)	-	(474)
As of 31 December, 2008		1,703	1,678	28,765	112,843	9,787	5,685	-	160,461
Accumulated Impairment									
As of 1 January, 2008/ 31 December, 2008		-	-	-	-	-	-	8,317	8,317
Net Carrying Amount									
At cost		-	5,251	3,675	7,239	51,076	3,652	30,110	101,003
At transitional cost*		22,718	-	-	-	-	-	-	22,718
		22,718	5,251	3,675	7,239	51,076	3,652	30,110	123,721

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

14. OTHER PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Note	Freehold Land and Buildings RM'000	Leasehold Buildings RM'000	Office Furniture and Fittings RM'000	Plant, Machinery and Equipment RM'000	Golf Clubs & Courses and Boat Clubs RM'000	Motor Vehicles RM'000	Capital Work-in- Progress RM'000	Total RM'000
Cost/Transitional Cost*									
As of 1 January, 2007		2,022	13,045	36,165	119,198	68,356	7,581	30,248	276,615
Additions		-	-	1,526	1,404	77	738	3,760	7,505
Transfer from/(to)									
investment properties	15	2,136	809	-	112	-	-	(270)	2,787
Disposals/write-off		-	-	(2,161)	(1,944)	(188)	(875)	(12)	(5,180)
Disposal of subsidiaries	18	-	-	(3,507)	-	-	(1,186)	-	(4,693)
Exchange differences		-	-	(40)	-	(543)	(5)	-	(588)
As of 31 December, 2007		4,158	13,854	31,983	118,770	67,702	6,253	33,726	276,446
Representing:									
At cost		-	13,854	31,983	118,770	67,702	6,253	33,726	272,288
At transitional cost*		4,158	-	-	-	-	-	-	4,158
Accumulated Depreciation									
As of 1 January, 2007		387	2,194	31,297	100,125	10,392	5,035	-	149,430
Depreciation charge									
for the year		-	351	2,031	9,744	1,551	772	-	14,449
Disposals/write-off		-	-	(1,571)	(1,074)	(183)	(818)	-	(3,646)
Disposal of subsidiaries	18	-	-	(3,504)	-	-	(1,185)	-	(4,689)
Exchange differences		-	-	(33)	-	(56)	(2)	-	(91)
As of 31 December, 2007		387	2,545	28,220	108,795	11,704	3,802	-	155,453
Accumulated Impairment									
As of 1 January, 2007/									
31 December, 2007		-	-	-	-	-	-	8,317	8,317
Net Carrying Amount									
At cost		-	11,309	3,763	9,975	55,998	2,451	25,409	108,905
At transitional cost*		3,771	-	-	-	-	-	-	3,771
		3,771	11,309	3,763	9,975	55,998	2,451	25,409	112,676

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

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

14. OTHER PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Office Furniture and Fittings RM'000	Office Equipment RM'000	Motor Vehicles RM'000	Renovation RM'000	Total RM'000
Cost					
As of 1 January, 2007	32	49	7	16	104
Additions	-	14	-	3	17
Disposal	-	(4)	-	-	(4)
As of 1 January, 2008	32	59	7	19	117
Additions	10	31	975	27	1,043
As of 31 December, 2008	42	90	982	46	1,160
Accumulated Depreciation					
As of 1 January, 2007	9	27	3	5	44
Charge for the year	3	12	1	2	18
Disposal	-	(3)	-	-	(3)
As of 1 January, 2008	12	36	4	7	59
Charge for the year	3	16	86	3	108
As of 31 December, 2008	15	52	90	10	167
Net Carrying Amount					
As of 31 December, 2008	27	38	892	36	993
As of 31 December, 2007	20	23	3	12	58

- (a) Certain freehold land and buildings of the Group were revalued based on independent valuations carried out by En. Sulaiman Mustafa, a registered valuer in Jones Lang Wootton, on an open market value basis in 1994. As allowed by the transitional provisions of International Accounting Standard 16 (Revised), Property, Plant and Equipment, these assets have continued to be stated at surrogate cost, based on the 1994 valuations.
- (b) Net carrying amount of other property, plant and equipment of the Group held under hire purchase and finance lease arrangements as at balance sheet date is RM3,454,000 (2007: RM2,232,000).
- (c) The net carrying amount of other property, plant and equipment of RM35,957,000 (2007: RM41,552,000) are pledged as security for borrowings as disclosed in Notes 27, 29 and 30.
- (d) A subsidiary, Country Heights Lifestyle Berhad, is in the process of obtaining the strata titles for certain apartment units included in leasehold buildings from the respective developers. Net book value of those apartment units amounted to RM887,000 (2007: RM921,000).
- (e) Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:

	Group	
	2008	2007
	RM'000	RM'000
Cost:		
Office furniture and fittings	17,061	15,914
Plant, machinery and equipment	99,719	94,295
Motor vehicles	293	289
	117,073	110,498

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

15. INVESTMENT PROPERTIES

		Group	
	Note	2008 RM'000	2007 RM'000
At beginning of year		91,367	431,793
Additions from subsequent expenditure		53,345	944
Disposals		(3,000)	(337,220)
Written off	7	(4)	(105)
Transfer to prepaid land lease payments	16	-	(1,079)
Transfer to property, plant and equipment	14	-	(2,787)
Reclassified from/(to) non-current asset held for sale	26	873	(873)
Fair value adjustment	7	-	694
At end of year		142,581	91,367

The following investment properties are held under lease terms:

		Group	
		2008 RM'000	2007 RM'000
Leasehold land		54,374	54,374
Buildings		22,209	21,331
		76,583	75,705

The investment properties with carrying amount of RM88,748,000 (2007: RM88,743,000) are pledged as security for borrowings as disclosed in Notes 29 and 30.

16. PREPAID LAND LEASE PAYMENTS

		Group	
	Note	2008 RM'000	2007 RM'000
At beginning of year		356,943	360,352
Transfer from investment properties	15	-	1,079
Amortisation for the year	7	(4,306)	(4,488)
At end of year		352,637	356,943

The land represents long-term leasehold land of the Group.

Included in prepaid land lease payments are certain parcels of land, with an aggregate carrying value of RM13,930,000 (2007: RM14,097,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Prepaid land lease payments with carrying amount of RM336,042,000 (2007: RM340,153,000) are pledged as security for borrowings as disclosed in Notes 27, 29 and 30.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

17. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

Group	Note	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Cost/Carrying amount				
As of 1 January, 2007		130,675	64,870	195,545
Additions		3,227	9,253	12,480
Transfer to property development cost	17(b)	(17,043)	(14,344)	(31,387)
As of 1 January, 2008		116,859	59,779	176,638
Additions		11,855	5,824	17,679
Transfer to property development cost	17(b)	(1,182)	-	(1,182)
As of 31 December, 2008		127,532	65,603	193,135

Included in land held for property development are certain parcels of land, with an aggregate carrying value of RM61,046,000 (2007: RM50,659,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Land held for property development with a carrying amount of RM74,208,000 (2007: RM73,921,000) are pledged as security for borrowings as disclosed in Notes 27 and 31.

(b) Property Development Costs

	Note	Group 2008 RM'000	Group 2007 RM'000
At beginning of year			
Freehold land - at cost		118,351	109,250
Leasehold land - at cost		163	163
Development expenditure		255,692	218,088
		374,206	327,501
Costs incurred during the year:			
Freehold land - at cost		-	-
Leasehold land - at cost		-	-
Development expenditure		23,929	20,763
		23,929	20,763
Cost recognised as expense in the income statement:			
Previous years		(269,588)	(240,763)
Current year		(34,728)	(28,825)
		(304,316)	(269,588)
Transfers (to)/from:			
Land held for property development	17(a)	1,182	31,387
Inventories		(4,717)	(5,444)
		(3,535)	25,943
Net		90,284	104,619

Included in property development costs incurred during the financial year is interest capitalised of RM323,000 (2007: RM767,000).

The property development costs with a carrying amount of RM32,713,000 (2007: RM49,357,000) are pledged as security for borrowings as disclosed in Note 31.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares, at cost	233,201	233,201
Less: Accumulated impairment losses	(7,417)	(8,369)
	<u>225,784</u>	<u>224,832</u>

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

RCSLS Series A has been fully redeemed during the previous financial year ended 31 December, 2007 as disclosed in Note 30.

The details of the subsidiaries are as follows:

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			Equity Interest	
			2008	2007
			%	%
Country Heights Sdn Bhd	Malaysia	Property development	100	100
College Heights Utara Sdn Bhd	Malaysia	Property development	100	100
Borneo Heights Sdn Bhd	Malaysia	Property development and property investment	70	70
Tindak Murni Sdn Bhd	Malaysia	Property development	100	100
Country Heights Industries Sdn Bhd	Malaysia	Property development and property investment	100	100
Country Heights W.T.C. Sdn Bhd	Malaysia	Property development and property investment	100	100
Country Heights Properties Sdn Bhd	Malaysia	Property management and investment holding	100	100
Etika Cergas (M) Sdn Bhd	Malaysia	Investment holding	100	100
Speedbuild Sdn Bhd	Malaysia	Investment holding	100	100
Steady Prospect Sdn Bhd	Malaysia	Investment holding	100	100
East Vision Leisure Group Sdn Bhd	Malaysia	Investment holding	100	100

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			Equity Interest 2008 %	Equity Interest 2007 %
Mines Holdings Sdn Bhd	Malaysia	Investment holding	100	100
^ Country Heights China Ltd	Labuan	Investment holding	100	100
^ Country Heights Global Ltd	Labuan	Dormant	100	100
Walum Enterprise Sdn Bhd	Malaysia	Ownership of land held for property development	100	100
Hasil Cermat Sdn Bhd	Malaysia	Ownership of land held for property development	100	100
Country Heights Development Sdn Bhd	Malaysia	Property investment	100	100
Country Heights eMarketing Services Sdn Bhd	Malaysia	Provision of marketing services	100	100
Versatile Champion Sdn Bhd	Malaysia	Property trading	100	100
Nasmaya Juara Sdn Bhd	Malaysia	Building and infrastructure contractor	100	100
Golden Horse Palace Berhad	Malaysia	Ownership and operation of a hotel and provision of health programs	81	81
Mines ePurse Sdn Bhd	Malaysia	Resort and hotel management and investment holding	100	100
Country Heights Resorts & Leisure Sdn Bhd	Malaysia	Resort management and investment holding	100	100
Lokasi Istimewa Sdn Bhd	Malaysia	Dormant	100	100
Magnitude Knight (M) Sdn Bhd	Malaysia	Investment holding	100	100
IMEC Education Services Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Resources Management (M) Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Property Development Berhad	Malaysia	Dormant	100	100
Country Heights Garden Resort (Sibu) Sdn Bhd	Malaysia	Dormant	100	100

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			Equity Interest 2008 %	Equity Interest 2007 %
Country Heights Sea Resort Sdn Bhd	Malaysia	Dormant	100	100
Kristal Peramah (M) Sdn Bhd	Malaysia	Provision of project development services	100	100
Country Heights Education Sdn Bhd	Malaysia	Provision of educational related services	70	70
Malaysia Trade & Distribution Centre (Rotterdam) Sdn Bhd	Malaysia	Dormant	60	60
Country Heights Quality Life Services Sdn Bhd	Malaysia	Dormant	60	60
Country Heights Promotions Sdn Bhd	Malaysia	Dormant	100	100
Subsidiary of Borneo Heights Sdn Bhd				
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Malaysia	Ownership & operation of a golf course and club hotel	100	100
Subsidiary of Country Heights Industries Sdn Bhd				
Master Strike Sdn Bhd	Malaysia	Property investment	100	100
Subsidiaries of Country Heights Properties Sdn Bhd				
^ Best Golden Inc	British Virgin Islands	Dormant	100	100
Country Heights Enterprise Sdn Bhd	Malaysia	Investment holding and property development	100	100
Mega Palm Sdn Bhd	Malaysia	Property development	100	100
Country Heights Pangsa Rakyat Sdn Bhd	Malaysia	Property investment	100	100
Subsidiary of Country Heights Enterprise Sdn Bhd				
Country Heights Golden Lifestyle Sdn Bhd	Malaysia	Dormant	100	100

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			Equity Interest 2008 %	Equity Interest 2007 %
Subsidiary of Speedbuild Sdn Bhd				
^ Lines Pte Ltd	United Kingdom	Dormant	100	100
Subsidiaries of Steady Prospect Sdn Bhd				
Fresh Innovatives Sdn Bhd	Malaysia	Property investment	100	100
Profound Concept Sdn Bhd	Malaysia	Property investment	100	100
Endless Gain Sdn Bhd	Malaysia	Letting of shops	100	100
Subsidiaries of Mines Holdings Sdn Bhd				
Timbang Makmur Sdn Bhd	Malaysia	Dormant	100	100
Country Heights Health Tourism Sdn Bhd	Malaysia	Provision of health screening services and health programs	70	70
Mines Beach Resort Sdn Bhd	Malaysia	Ownership & operator of a hotel	100	100
Mines Engineering & Technical Services Sdn Bhd	Malaysia	Dormant	100	100
Kin No Uma Sdn Bhd	Malaysia	Dormant	100	100
^ Country Heights Promotions Limited	British Virgin Islands	Dormant	100	100
Ten Plus One Sdn Bhd	Malaysia	Dormant	100	100
IDEC (M) Sdn Bhd	Malaysia	Dormant	100	100
Subsidiaries of East Vision Leisure Group Sdn Bhd				
Mines Shopping Fair Sdn Bhd	Malaysia	Letting of promotion space*	100	100
Mines Waterfront Business Park Sdn Bhd	Malaysia	Letting of office space	100	100
Mines International Exhibition Centre Sdn Bhd	Malaysia	Investment holding, manager of exhibition centre and conventions and provision of catering services	100	100

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

Names of Subsidiaries	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2008 %	2007 %
Subsidiaries of Mines International Exhibition Centre Sdn Bhd				
Mines Exhibition Management Sdn Bhd	Malaysia	Provision of management services	70	70
Output Combination Sdn Bhd	Malaysia	Dormant	100	100
Subsidiaries of Mines ePurse Sdn Bhd				
Signature Catering & Conference Services Sdn Bhd	Malaysia	Dormant	100	100
+ Signature Hotels Pte Ltd	Singapore	Dormant	100	100
Subsidiaries of Country Heights Resorts & Leisure Sdn Bhd				
Country Heights Lifestyle Berhad	Malaysia	Provision of leisure related services	100	100
World Racquet Centre Sdn Bhd	Malaysia	Provision of marketing services	100	100
Mines Premium Sdn Bhd	Malaysia	Solutions provider and promotion activities	100	100
Subsidiary of College Heights Utara Sdn Bhd				
Mines Golf City Sdn Bhd (formerly known as PRS Homes Sdn Bhd)	Malaysia	Property investment	100	100
Subsidiaries of Magnitude Knight (M) Sdn Bhd				
+ Country Heights Pecanwood Golf & Country Club (Pty) Ltd	South Africa	Ownership and operators of golf estate club	100	100
+ Country Heights Pecanwood Boat Club (Pty) Ltd	South Africa	Ownership and operator of boat club	100	100
+ Audited by other firm of auditors				
* Ceased principal activities of letting of shopping mall lots in 2007				
^ No auditors are required for dormant companies				

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Disposal of Subsidiaries

In 2007, the following subsidiaries were disposed:

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

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

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

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

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

	Period ended 28.5.2007 RM'000	Period ended 24.10.2007 RM'000	Total RM'000
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other operating income	-	59	59
Administrative expenses	-	(1,724)	(1,724)
Finance cost	-	-	-
Other expenses	-	(162)	(162)
Loss before tax	-	(1,827)	(1,827)
Income tax credit	-	512	512
Loss for the year	-	(1,315)	(1,315)
Cashflows from/(used in):			
Operating activities	(2,688)	12,263	9,575
Investing activities	3,395	-	3,395
Financing activities	(707)	(12,300)	(13,007)
Net cash flows	-	(37)	(37)

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

18. INVESTMENT IN SUBSIDIARIES (Cont'd)

(a) Disposal of Subsidiaries (Cont'd)

The net assets of the two subsidiaries were as follows:

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

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

(b) Investment in Subsidiary Company

In 2007, the Company acquired 3,000,000 ordinary shares of RM1.00 each in Country Heights eMarketing Services Sdn Bhd from Mines Holdings Sdn Bhd, a wholly-owned subsidiary of the Company for a cash consideration of RM3,000,000.

19. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
In Malaysia:				
Unquoted shares, at cost	3,357	3,357	247	247
Group share of post-acquisition reserves	(83)	(62)	-	-
	3,274	3,295	247	247

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

19. INVESTMENT IN ASSOCIATES (Cont'd)

The Group's interests in associates are analysed as follows:

	Group	
	2008	2007
	RM'000	RM'000
Share of net assets	3,057	3,078
Goodwill on acquisition	217	217
	3,274	3,295

The share of results of associates is based on unaudited management accounts for Simplex Design Sdn Bhd and annual financial statements for Dragon Spring Investment (Labuan) Limited for the financial year ended 30 June, 2008 and 31 December, 2008 respectively.

Details of the associates are as follows:

Names of Associates	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			Equity Interest	
			2008	2007
			%	%
+ Simplex Design Sdn. Bhd.	Malaysia	Interior designing, renovation, construction and other related services	47.50	47.50
+ Dragon Spring Investment (Labuan) Limited	Labuan	Investment holding	20.00	20.93
+ Audited by other firms of auditors				

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

The financial statements of the above associates are coterminous with those of the Group, except for Simplex Design Sdn Bhd which has a financial year end of 30 June. For the purpose of applying the equity method of accounting, the financial statements of Simplex Design Sdn Bhd for the year ended June 30, 2008 have been used and appropriate adjustments have been made for the effects of significant transactions between 1 July, 2008 and 31 December, 2008.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

19. INVESTMENT IN ASSOCIATES (Cont'd)

The summarised financial information of the associates are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Assets and liabilities		
Current assets	12,127	6,332
Non-current assets	30,962	32,555
Total assets	43,089	38,887
	Group	
	2008	2007
	RM'000	RM'000
Current liabilities	10,160	9,921
Non-current liabilities	17,000	14,952
Total liabilities	27,160	24,873
Results		
Revenue	11,836	6,611
Profit/(Loss) for the year	951	(1,069)

20. OTHER INVESTMENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At cost				
Quoted shares in Malaysia	240	2,825	-	2,586
Unquoted shares in Malaysia	2,000	2,000	-	-
Memberships	798	798	718	718
	3,038	5,623	718	3,304
Less: Accumulated impairment losses				
Quoted shares in Malaysia	(164)	(127)	-	(123)
Unquoted shares in Malaysia	(2,000)	(2,000)	-	-
	(2,164)	(2,127)	-	(123)
	874	3,496	718	3,181
Market value of quoted shares in Malaysia	75	2,901	-	2,666

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

21. GOODWILL ON CONSOLIDATION

	Group	
	2008	2007
	RM'000	RM'000
Cost		
At beginning/end of year	35,097	35,097
Accumulated impairment losses		
At beginning/end of year	(35,097)	(35,097)
As of year end	-	-

22. INVENTORIES

	Group	
	2008	2007
	RM'000	RM'000
At cost		
Properties held for sale	103,660	125,621
Consumable materials	1,502	1,262
	105,162	126,883
At net realisable value		
Properties held for sale	34,266	32,057
Building materials	-	201
	34,266	32,258
Total inventories	139,428	159,141

Included in inventories are certain parcels of land, with aggregate carrying value of RM41,403,000 (2007: RM42,130,000), for which the Group is in the process of obtaining registration of land titles from the relevant authorities.

Inventories with a carrying amount of RM25,904,000 (2007: RM28,064,000) are pledged as securities for borrowings as disclosed in Notes 27 and 29.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

23. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current					
Trade receivables					
Third parties	(b)	86,006	100,545	-	-
Due from companies in which certain directors have interest	(c)	2,677	2,800	-	-
		88,683	103,345	-	-
Less: Allowance for doubtful debts:					
Third parties		(20,059)	(24,134)	-	-
Trade receivables, net		68,624	79,211	-	-
Other Receivables, Deposits and Prepayments					
Due from subsidiaries	(d)	-	-	598,693	590,550
Deposits		4,395	10,079	15	12
Prepayments		1,254	7,550	3	-
Sundry receivables		16,398	14,339	1,337	1,322
Due from companies in which certain directors have interest	(c)	4,237	3,967	525	443
		26,284	35,935	600,573	592,327
Less: Allowance for doubtful debts:					
Due from subsidiaries		-	-	(46,567)	(42,570)
Sundry receivables		(6,075)	(6,666)	(431)	(666)
Other receivables, net		20,209	29,269	553,575	549,091
		88,833	108,480	553,575	549,091
Non-current					
Trade receivables					
Third parties	(e)	17,600	17,349	-	-

(a) Credit risk

The Group's normal trade credit terms range from 14 days to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single trade debtor or to groups of trade debtors.

Other information on credit risk is disclosed in Note 41(e).

(b) Trade receivables, current

Trade receivables are non-interest bearing, which are due within one year except those relating to the instalment scheme mentioned in Note 23(e).

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

23. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

- (c) Included in trade receivables of the Group, is an amount of RMNil (2007: RM220,000) receivable from a former director, Dato' Ong Chong Sek, arising from the disposal of a vacant bungalow lot by Mega Palm Sdn Bhd, a wholly-owned subsidiary of the Company to the former director at a consideration of RM901,000. The disposal proceeds have been partially settled by contra against the former director's remuneration amounting to RM404,000 and the balance of RM220,000 is paid by the former director.

The amounts due from related companies are unsecured, interest-free and repayable on demand.

- (d) The amounts due from subsidiaries are non-trade in nature, unsecured, non-interest bearing, and are repayable on demand except for an amount of RM150,000,000 (2007: RM150,000,000) due from a subsidiary, Golden Horse Palace Berhad, relating to RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds") which bears interest at a rate of 8% (2007: 8%) per annum and is repayable in accordance with the Bonds repayment terms as disclosed in Note 29.
- (e) Long-term trade receivables represent amounts that are expected to be collected after twelve months from balance sheet date, arising from instalment plans of 12 months to 60 months granted in respect of timeshare program memberships and health program memberships issued by subsidiaries, Country Heights Lifestyle Berhad, Country Heights Health Tourism Sdn Bhd and Golden Horse Palace Berhad.

24. FUNDS HELD IN TRUST

Funds held in trust arose when certain subsidiaries disposed of properties which were charged to the trustee of the bondholders as security for the RM150,000,000 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds") issued by the Company, as disclosed in Note 29.

Upon the disposal of the pledged properties, the sales proceeds ("redemption sum") received from purchasers are retained by the trustee of the bondholder until the Bonds have been redeemed, the properties discharged and the disposed properties' titles are released to the purchasers.

25. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with licensed banks and other financial institutions	(a)	5,294	32,572	-	-
Cash on hand and at banks	(b)	7,858	16,538	81	535
Cash and bank balances		13,152	49,110	81	535

- (a) Included in deposits with licensed banks of the Group are:

- (i) A sum of RM1,857,000 (2007: RM3,369,000) pledged for bank guarantee facilities granted to certain subsidiaries;
- (ii) A sum of RMNil (2007: RM9,450,000) which is restricted for use for refurbishments of certain assets of the Group pursuant to the borrowing arrangement entered into by East Vision Leisure Group Sdn Bhd as disclosed in Note 30;

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

25. CASH AND CASH EQUIVALENTS (Cont'd)

- (a) Included in deposits with licensed banks of the Group are: (Cont'd)
- (iii) An amount held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary, Country Heights Lifestyle Berhad of RM187,000 (2007: RM491,000); and
 - (iv) An amount held on behalf of members in relation to a "Silver Hair Programme" of a subsidiary, Country Heights Quality Life Services Sdn Bhd of RM129,000 (2007: RM125,000).
- (b) Included in cash at banks of the Group are:
- (i) Sinking funds of RM481,000 (2007: RM336,000) maintained by certain subsidiaries for the purpose of repair and maintenance of properties.
 - (ii) Amounts of RM229,000 (2007: RM20,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are therefore restricted from use in other operations.
 - (iii) An amount held under a trust account pursuant to a trust deed in relation to a timeshare membership scheme of a subsidiary, Country Heights Lifestyle Berhad of RM357,000 (2007: RM101,000).
 - (iv) An amount of RM2,338,000 (2007: RM8,317,000) is pledged as security for the purpose of the Bank Guaranteed Commercial Papers and Bank Guaranteed Medium Term Note issued as disclosed in Note 31. Included in the pledged amount is RM1,196,000 (2007: RM5,738,000) which represents the amount deposited in the redemption account established under the Trust Deed for the sole purpose of redemption of the Bank Guaranteed Commercial Papers and Bank Guaranteed Medium Term Note issued as disclosed in the Note 31 and payment of finance cost of Bank Guaranteed Medium Term Note.
 - (v) An amount of RMNil (2007: RM155,000) is maintained in the designated account for the purpose of operations of East Vision Leisure Group Sdn Bhd.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances		13,152	49,110	81	535
Bank overdrafts	27(a)	(3,416)	(3,995)	-	-
Total cash and cash equivalents		9,736	45,115	81	535

The weighted average effective interest rates at the balance sheet date for deposits are as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Licensed banks and other financial institutions	3.2	3.1	-	-

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

25. CASH AND CASH EQUIVALENTS (Cont'd)

The average maturities of deposits as at the end of the financial year are as follows:

	Group		Company	
	2008 Days	2007 Days	2008 Days	2007 Days
Licensed banks	366	365	-	-

26. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

	Note	Group	
		2008 RM'000	2007 RM'000
At beginning of year		873	-
Building reclassified (to)/from investment properties	15	(873)	873
At end of year		-	873

The building refers to the Venice Walk Building. Pursuant to the agreement between Mines Shopping Fair Sdn Bhd ("MSF") and Mutual Stream Sdn Bhd ("MSSB"), a put and call option was issued over an ancillary land and building of MSF which has not been disposed and is known as Venice Walk Land and Venice Walk Building. Disposal of Venice Walk Land and Building is subject to the Group obtaining certain approvals from the authorities over the Venice Walk Land and Building. The put and call option shall be exercisable within a period of 30 days from receipt of the approvals from the authorities. Upon exercise of the put or call options, MSSB shall pay RM3,000,000 to MSF for the Venice Walk Land & Building.

On 26 September, 2008, the Group notified MSSB on the rejection by the authorities over the disposal of the Venice Walk Land and Building. Hence, the put and call option shall automatically expire and the exercise price of RM3,000,000 shall no longer be applicable. As at 31 December, 2008, the said property has been reclassified under investment properties as there is no indication of the property being disposed of in the foreseeable future.

27. BORROWINGS

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term Borrowings					
Secured:					
Bank overdrafts	(a)	2,569	944	-	-
Term loans	(b)	166	287	-	-
Revolving credits	(c)	3,600	3,600	-	-
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds")	29	150,000	-	150,000	-
		156,335	4,831	150,000	-

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term Borrowings (Cont'd)					
Unsecured:					
Bank overdrafts	(a)	847	3,051	-	-
Revolving credits	(c)	19,600	19,600	-	-
Hire purchase and finance lease payables	28	775	470	151	-
		21,222	23,121	151	-
Total Short-term Borrowings		177,557	27,952	150,151	-
Long-term Borrowings					
Secured:					
Term loans	(b)	2,836	3,003	-	-
Revolving credits	(c)	1,824	6,090	-	-
RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds")	29	-	150,000	-	150,000
Redeemable Secured Loan Stock 2004/2011 ("RSL Series B")	30	68,822	68,822	-	-
Bank Guaranteed Commercial Paper	31	11,962	59,414	-	-
Bank Guaranteed Medium Term Notes	31	70,000	70,000	-	-
		155,444	357,329	-	150,000
Unsecured:					
Revolving credits	(c)	12,800	17,600	-	-
Hire purchase and finance lease payables	28	2,106	1,363	451	-
		14,906	18,963	451	-
Total Long-term Borrowings		170,350	376,292	451	150,000
Total Borrowings					
Bank overdrafts	(a)	3,416	3,995	-	-
Term loans	(b)	3,002	3,290	-	-
Revolving credits	(c)	37,824	46,890	-	-
Hire purchase and finance lease payables	28	2,881	1,833	602	-
Bonds	29	150,000	150,000	150,000	150,000
RSL Series B	30	68,822	68,822	-	-
Bank Guaranteed Commercial Paper	31	11,962	59,414	-	-
Bank Guaranteed Medium Term Notes	31	70,000	70,000	-	-
		347,907	404,244	150,602	150,000

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	176,783	27,482	150,000	-
More than 1 year and less than 2 years	6,798	186,432	-	150,000
More than 2 years and less than 5 years	159,362	48,157	-	-
5 years or more	2,083	140,340	-	-
	<u>345,026</u>	<u>402,411</u>	<u>150,000</u>	<u>150,000</u>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, are as follows:

		Group		Company	
		2008	2007	2008	2007
	Note	%	%	%	%
Bank overdrafts	(a)	8.9	8.9	-	-
Term loans	(b)	5.5	6.8	-	-
Revolving credits	(c)	6.9	7.2	-	-
Bonds	29	8.0	8.0	8.0	8.0
RSLS Series B	30	5.0	5.0	-	-
Bank Guaranteed Commercial Paper	31	4.3	4.1	-	-
Bank Guaranteed Medium Term Notes	31	<u>6.1</u>	<u>6.1</u>	<u>-</u>	<u>-</u>

(a) Bank overdrafts

		Group	
		2008	2007
	Note	RM'000	RM'000
Short-term			
Secured:			
RM3,000,000 facility	(i)	2,569	606
South Africa Rand 750,000 facility	(ii)	<u>-</u>	<u>338</u>
		<u>2,569</u>	<u>944</u>
Unsecured:			
RM15,000,000 facility	(iii)	<u>847</u>	<u>3,051</u>
Total bank overdrafts	25	<u>3,416</u>	<u>3,995</u>

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

(a) Bank overdrafts (Cont'd)

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

- (i) Overdraft facility of RM3,000,000 (2007: RM3,000,000) granted to Country Heights W.T.C. Sdn Bhd is secured by:
 - A lien-holder's caveat over other property, plant and equipment with a carrying value of RM6,592,000 (2007: RM6,674,000) held by Country Heights W.T.C. Sdn Bhd;
 - A lien-holder's caveat over prepaid land lease payments with a carrying value of RM3,983,000 (2007: RM4,032,000) held by Country Heights W.T.C. Sdn Bhd;
 - Deposit of title held under H.S.(D)22918, P.T. No. 14913, Mukim of Kajang, Selangor Darul Ehsan; and
 - A corporate guarantee of RM5,000,000 provided by the Company.

The said overdraft facility bears interest at 1.75% (2007: 1.75%) above the bank's base lending rate.

- (ii) South Africa Rand 750,000 facility granted to Country Heights Pecanwood Golf & Country Club (Pty) Ltd ("PGCC") is secured by:
 - First continuous covering mortgage bond over the land and building erected on Erf 876, 877 Extension 12 and Erf 1083 Extension 10 (previously portions 127 and 128 of portion 123 of the farm Harbeespoort, No. 482 Registration Division J.Q., Province of North-West, South Africa, known as the Country Heights Pecanwood Golf and Country Club), with a carrying value of RM11,778,000 (2007: RM15,671,000) held by PGCC included in other property, plant and equipment as disclosed in Note 14.

The said overdraft facility bears interest at 14.5% (2007: 14.5%) per annum.

- (iii) Unsecured facility of RM15,000,000 granted to Country Heights Sdn Bhd is secured by:
 - Negative pledge over the assets of Country Heights Sdn Bhd, except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
 - Corporate guarantee and indemnity of up to RM15,000,000 provided by the Company.

The overdraft facility bears interest at 2.5% (2007: 2.5%) above bank's base lending rate.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

(b) Term loans

		Group	
	Note	2008 RM'000	2007 RM'000
Short-term			
Secured:			
RM647,000 facility	(i)	-	130
RM3,340,000 facility	(ii)	166	157
		<u>166</u>	<u>287</u>
Long-term			
Secured:			
RM647,000 facility	(i)	-	-
RM3,340,000 facility	(ii)	2,836	3,003
		<u>2,836</u>	<u>3,003</u>
Total term loans		<u>3,002</u>	<u>3,290</u>

Salient features of the term loans granted to subsidiaries are as follows:

- (i) Term loan facility of RM647,000 granted to Country Heights Lifestyle Berhad is secured by:
- 1st registered mortgage over parcel nos. 223, 224, 219 and 220, Equatorial Hills Resort, Cameron Highlands included in other property, plant and equipment as disclosed in Note 14 to the financial statements with an aggregate net book value of RM445,000 (2007: RM461,000); and
 - A corporate guarantee of RM650,000 provided by the Company.

Principal and interest are repayable by fifty-nine equal monthly installments of RM13,000 each and one final installment of RM10,500 commencing 29 November, 2003 until 29 October, 2008.

The term loan facility bears interest at 1.25% (2007: 1.25%) above the bank's base lending rate.

The term loan was fully settled during the financial year.

- (ii) Term loan facility of RM3,340,000 granted to a subsidiary, Country Heights Health Tourism Sdn Bhd is secured by:
- A first legal charge over certain units situated at Level 3 of Block C of the building known as Plaza Mont' Kiara included in other property, plant and equipment as disclosed in Note 14 with an aggregate net book value of RM3,927,000 (2007: RM4,009,000); and
 - A corporate guarantee of RM3,340,000 provided by the Company.

Principal and interest are repayable by 60 equal monthly installments of RM27,291 each from year one to year five commencing from 26 October, 2006 and subsequently 120 equal monthly installments of RM29,251 each from year six onwards until 26 October, 2011.

The term loan facility bears interest at 5.5% (2007: 5.5%) per annum for the first five years and thereafter at 0.5% (2007: 0.5%) above the bank's base lending rate.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

(c) Revolving credits

			Group	
			2008	2007
	Note		RM'000	RM'000
Short-term				
Secured:				
RM32,000,000 (restructured) facility	(i)		3,600	3,600
Unsecured:				
RM15,000,000 facility	(ii)		14,800	14,800
RM30,000,000 (restructured) facility	(iii)		4,800	4,800
			19,600	19,600
			23,200	23,200
Long-term				
Secured:				
RM32,000,000 (restructured) facility	(i)		1,824	6,090
Unsecured:				
RM30,000,000 (restructured) facility	(iii)		12,800	17,600
			14,624	23,690
Total revolving credits			37,824	46,890

Revolving credit facilities are secured as follows:

- (i) Revolving credit (restructured) facility of RM32,000,000 granted to a subsidiary, Country Heights Industries Sdn Bhd ("CHISB") is secured by:
- A corporate guarantee of RM32,000,000 provided by the Company;
 - A third party first legal charge over 95 (2007: 100) parcels of land and building held by CHISB with carrying values as follows:

		Group	
		2008	2007
		RM'000	RM'000
Land held for property development		4,911	4,911
Inventories		3,469	5,129
		8,380	10,040

- A first legal charge over 1 (2007: 2) industrial lots at the College Valley Industrial Park, Pajam, held by a subsidiary, Country Heights Industries Sdn Bhd, with a carrying value of RM230,000 (2007: RM469,000).

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

27. BORROWINGS (Cont'd)

(c) Revolving credits (Cont'd)

- (i) Revolving credit (restructured) facility of RM32,000,000 granted to a subsidiary, Country Heights Industries Sdn Bhd ("CHISB") is secured by: (Cont'd)

- A debenture over certain bungalow lots belonging to a subsidiary, Walum Enterprise Sdn Bhd with a carrying value of RM1,636,000 (2007: RM1,054,000);
- A third party first fixed legal charge over certain bungalow lots held by a subsidiary, Walum Enterprise Sdn Bhd with a carrying value of RM1,210,000 (2007: RM779,000); and
- A second fixed legal charge over certain bungalow lots held by a subsidiary company, Walum Enterprise Sdn Bhd with a carrying value of RM5,973,000 (2007: RM4,528,000).

The loan is repayable by 24 equal monthly installments of RM200,000 each with the first installment payable on 30 August, 2005, and thereafter 23 monthly installments of RM300,000 each with the first installment to commence on 30 August, 2007 and a final installment payment of RM4,756,000 to be paid in one lump sum on 30 July, 2009.

The revolving credit facility bears interest at 2.5% (2007: 2.5%) above Cost of Fund.

- (ii) The unsecured revolving credit facility of RM15,000,000 granted to a subsidiary, Country Heights Sdn Bhd has the following guarantees and pledges:

- Negative pledge over the assets of Country Heights Sdn Bhd, except for certain bungalow lots adjacent to the existing development undertaken by the Group in Kajang; and
- A corporate guarantee of RM15,000,000 provided by the Company.

The revolving credit facility bears interest at 2.5% (2007: 2.5%) above Cost of Fund.

The short-term revolving credit is repayable on demand.

- (iii) The unsecured revolving credit (restructured) facility of RM30,000,000 granted to Country Heights Sdn Bhd has a corporate guarantee and indemnity of RM30,000,000 provided by the Company.

The revolving credit facility bears interest at 2.5% (2007: 2.5%) above Cost of Fund.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

28. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Minimum lease payments:					
Not later than 1 year		895	610	169	-
Later than 1 year but not later than 2 years		1,015	574	339	-
Later than 2 years but not later than 5 years		944	802	167	-
Later than 5 years		369	38	-	-
		3,223	2,024	675	-
Less: Future finance charges		(342)	(191)	(73)	-
Present value of finance lease liabilities		2,881	1,833	602	-
Present value of finance lease liabilities:					
Not later than 1 year		775	470	151	-
Later than 1 year but not later than 2 years		909	519	303	-
Later than 2 years but not later than 5 years		956	703	148	-
Later than 5 years		241	141	-	-
		2,881	1,833	602	-
Analysed as:					
Due within 12 months	27	775	470	151	-
Due after 12 months	27	2,106	1,363	451	-
		2,881	1,833	602	-

The hire purchase and lease liabilities bear interest at the balance sheet date at rates between 2.25% to 8.25% (2007: 2.6% to 10%) per annum.

29. RM150 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2009 ("BONDS") REDESIGNATED FROM RM200 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2005

At a Bondholders' meeting held on 29 December, 2004, the holders of the Bonds approved the extension of the redemption of the outstanding RM150 million of the Bonds previously issued by the Company as RM200 million 3% to 8% Redeemable Secured Bonds 1996/2005 to 31 December, 2009.

The salient terms and features of the Bonds revised pursuant to the extension are as follows:

- (i) The interest rate will continue to be 8% per annum, calculated on the outstanding balance and is payable semi-annually. For the period from 9 November, 2004 to 6 November, 2008, only 6% of the 8% interest per annum shall be made semi-annually in two equal instalments on 6 May and 6 November each year. The 2% interest per annum shortfall since 1 January, 2002 onwards shall continue to be accrued and paid in the final year in 2 equal instalments i.e. on 6 May, 2009 and 6 November, 2009 provided always that if the Bonds are fully redeemed before 6 November, 2009 any unpaid interest shall be paid in full by the Company on the date of such redemption.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

29. RM150 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2009 ("BONDS") REDESIGNATED FROM RM200 MILLION 3% TO 8% REDEEMABLE SECURED BONDS 1996/2005 (Cont'd)

The salient terms and features of the Bonds revised pursuant to the extension are as follows: (Cont'd)

(ii) The maturity date for the redemption of the Bonds is extended to 31 December, 2009.

As a result of the maturity of the Bonds on 31 December, 2009 and hence its redemption on the same date, the Bonds are reclassified from non-current liabilities to current liabilities as of 31 December, 2008.

(iii) The Bonds will continue to be secured by the existing securities as follows:

- A fixed charge over a leasehold land and hotel building held by a subsidiary, Golden Horse Palace Berhad known as the Palace of the Golden Horses, classified under hotel properties and exhibition centre & showroom and prepaid land lease payments with aggregate carrying value of RM399,991,000 (2007: RM404,656,000);
- Certain other property, plant and equipment with an aggregate carrying value of RM4,534,000 (2007: RM5,702,000), held by a subsidiary, Golden Horse Palace Berhad;
- Certain freehold land and buildings included in other property, plant and equipment with aggregate carrying value of RM3,771,000 (2007: RM3,771,000) held by a subsidiary, Country Heights Development Sdn Bhd;
- Certain investment properties with aggregate carrying value of RM13,235,000 (2007: RM13,235,000) held by a subsidiary, Country Heights Development Sdn Bhd;
- Certain bungalow lots included in inventories with aggregate carrying value of RM1,037,000 (2007: RM668,000) held by a subsidiary, Walum Enterprise Sdn Bhd; and
- Certain villas included in inventories with a carrying value of RM12,350,000 (2007: RM15,437,000) held by a subsidiary, Country Heights W.T.C. Sdn Bhd.
- Funds Held in Trust as disclosed in Note 24 to the financial statements.

The Bonds are not rated and not transferable or tradable on Real Time Electronic Transfer of Funds and Securities ("RENTAS").

As of 31 December, 2008, Tan Sri Lee Kim Tiong @ Lee Kim Yew is the only beneficial holder of the Bonds.

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B")

The Company and a subsidiary, East Vision Leisure Group Sdn Bhd ("EVL") entered into a Master Agreement and a Supplemental Master Agreement on 16 December, 2003 and 21 May, 2004 respectively, with Khazanah Nasional Berhad ("KNB") to regulate their relationships and undertakings in respect of the investment in EVL.

Pursuant to the Master Agreement and Supplemental Master Agreement, EVL will be the investment vehicle to facilitate the KNB and Lenders' Investment in EVL as defined below, which include the acquisition of certain subsidiaries within the Group.

On 20 December, 2004, EVL completed the acquisitions of the entire issued and paid up share capital of Mines Shopping Fair Sdn Bhd ("MSFSB"), Mines Waterfront Business Park Sdn Bhd ("MWBPSB") and Mines International Exhibition Centre Sdn Bhd ("MIECSB") ("Target Companies") based on the adjusted net tangible assets as at 31 October, 2003, after taking into consideration the fair values of those Target Companies' respective assets, namely, Mines Shopping Fair ("MSF"), Mines Waterfront Business Park ("MWBP") and Malaysia International Exhibition & Convention Centre ("MIEC") ("Identified Assets").

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B") (Cont'd)

On 20 December, 2004, EVL issued the following to KNB and AmInvestment Bank Berhad (previously known as AmMerchant Bank Berhad) ("AmInvestment"), AmFinance Berhad, AmBank Berhad, RHB Bank Berhad ("RHB") and CIMB Bank Berhad ("CIMB") ("Lenders") as consideration for a cash injection by KNB in EVL amounting to RM125,000,000 and an investment by the Lenders of RM295,000,000 in EVL (collectively referred to as the "KNB and Lenders Investment") pursuant to a Settlement Agreement dated 14 May, 2004 and a Supplemental Settlement Agreement dated 17 May, 2004 (collectively referred to as the "Settlement Agreements"):

- (i) RM420,000,000 nominal value 7-year 6% Redeemable Convertible Secured Loan Stocks with a nominal value of RM1 each ("RCSLS Series A") to KNB;
- (ii) RM68,821,674 nominal value 7-year 5% Redeemable Secured Loan Stocks with a nominal value of RM1 each ("RSLs Series B") to the Lenders; and
- (iii) One golden share to KNB ("Golden Share") pursuant to the Master Agreement dated 16 December, 2003 and the Supplemental Master Agreement dated 21 May, 2004.

(A) RCSLS Series A

The Company fully redeemed the RCSLS Series A of RM 420,000,000 on 19 December, 2007 four years prior to the RCSLS Series A redemption date on 20 December, 2011, from proceeds on the disposal of Mines Shopping Fair.

The salient terms and features of the RCSLS Series A were as follows:

(i) Tenure and Rate of Interest

RCSLS Series A had a tenure of 7 years and bore simple interest at a rate of 6% per annum payable annually and in arrears.

(ii) Security

The RCSLS Series A were secured as follows:

- (a) first legal charges over the Identified Assets, The Mines Shopping Fair, The Mines Waterfront Business Park and Malaysia International Exhibition & Convention Centre, as disclosed in Notes 13, 15 and 16;
- (b) first legal charges over all the issued and paid up share capital of the Target Companies ("Security Shares"), as disclosed in Note 18 and shall include all dividends, distributions, allotments, interest, rights, offers, entitlements, accretions and benefits whatsoever which may at any time accrue, arise or be offered (whether by way of bonus, conversion rights, redemption, preference, option or otherwise);
- (c) all cash flow from the Identified Assets will be placed in and disbursed from designated accounts to be maintained by EVL and the Target Companies and subsidiaries of the Target Companies ("Designated Accounts") as disclosed in Note 25(a)(ii). 50% of the surplus annual net cash flow from the Identified Assets is set aside in a sinking fund established by EVL, which will be applied/ utilised towards the redemption of the RCSLS Series A.

Balances in the Designated Account and Sinking Fund are secured over first party first legal charges to and in favour of the trustee for the benefits of the RCSLS Series A holders; and

- (d) a written irrevocable undertaking from the Company to the RCSLS Series A holder to secure the payment of interest on RCSLS Series A ("CHHB's Irrevocable Letter of Undertaking").

Following the redemption of RCSLS Series A, the above securities have been discharged.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B") (Cont'd)

(A) RCSLS Series A (Cont'd)

The salient terms and features of the RCSLS Series A were as follows: (Cont'd)

(iii) Redemption Sum

The redemption sum for all of the Identified Assets or, as the case may be, the Security Shares shall comprise RM420,000,000 together with all unpaid accrued interest thereon and all other sums payable in respect of the RCSLS Series A, reduced by any prepayments or partial payments made (the "RCSLS Series A Redemption Sum").

(iv) Redemption

The RCSLS Series A shall be redeemed in whole on its maturity date.

At the option of EVL, EVL may at any time prior to the maturity date of the RCSLS Series A, redeem the RCSLS Series A in whole or in part provided that any such partial redemption shall not be for less than RM10,000,000 nominal value of the RCSLS Series A.

In the event that EVL fails to redeem the RCSLS Series A upon or prior to maturity and the RCSLS Series A holders are unable to procure a purchaser for all of the Identified Assets/Security Shares, for at least the RCSLS Series A Redemption Sum, the RCSLS Series A holders may unanimously agree to extend the tenure of the RCSLS Series A for such additional period as may be unanimously agreed to by the RCSLS Series A holders, in which event KNB shall require the Company to transfer all its shares in EVL to KNB and the other RCSLS Series A holders.

(v) Apportionment of Sale Proceeds

(a) Subject to (vi), the net gains (after deduction of costs and expenses and real property gains tax (if any)), on the disposal of the Identified Assets or, as the case may be, the Security Shares, in excess of the RCSLS Series A 2004/2011 Redemption Sum and below RM655,000,000 will, subject to the payment of all interest and other sums payable in respect of RCSLS Series A 2004/2011 and after accounting for the redemption of RSLs Series B 2004/2011 and the accretion of interest at the rate of 5%, belong to EVL; and

(b) Any gain on disposal of the Identified Assets above RM655,000,000 shall be shared equally between the Company, KNB and the other RCSLS Series A holders.

(vi) Conversion of RCSLS Series A Into Shares

Following the redemption of RCSLS Series A, conversion rights over RCSLS Series A is no longer applicable.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B") (Cont'd)

(B) RSLs Series B

The salient terms and features of the RSLs Series B were as follows:

(i) Redemption Tenure and Rate of Interest

The RSLs Series B shall have a Tenure of 7 years.

In the event of the full redemption of RCSLS Series A without any or all of the Identified Assets being sold, the RSLs Series B shall not be cancelled or converted into ordinary shares of RM1 in EVL but shall be redeemed on or before the maturity date thereof from out of the proceeds of sale of the remaining Identified Assets.

In the event of a disposal of the Identified Assets/Security Shares, the redemption of RSLs Series B is subject to the full redemption of RCSLS Series A and after payment in full of the RSLs Series B, the holders of RSLs Series B shall be entitled to be paid interest on RSLs Series B. However, this interest is payable only in the circumstances mentioned in the foregoing paragraph.

Subject to the provisions of the trust deed and relevant agreements, the RSLs Series B shall be entitled to be paid a back end interest at the rate of 5% per annum (simple interest). However, this interest is payable only in the event the RCSLS Series A is fully redeemed and all interest (including any default interest) thereon fully paid and:-

- (a) there is an excess from the proceeds of sales of the Identified Assets or, as the case may be, the Security Shares, after the full redemption of RCSLS Series A and after paying in full the redemption sum of the RSLs Series B; or
- (b) RCSLS Series A is fully redeemed without any or all of the Identified Assets/Security Shares being disposed and the disposal price of the Identified Assets/Security Shares remaining unsold after the full redemption of RCSLS Series A, exceeds the RSLs Series B redemption sum; or
- (c) there are any of the Identified Assets/Security Shares remaining unsold after the redemption in full of RCSLS Series A and the payment in full of the RSLs Series B redemption sum.

As disclosed in Note 34(d), the back end RSLs Series B interest on RSLs Series B up to 31 December, 2008 has been accrued.

(ii) Security

The RSLs Series B shall be secured by way of:

- (a) second legal charge on two of the Identified Assets known as Malaysia International Exhibition Convention Centre and Mines Waterfront Business Park; and
- (b) second legal charge on the Security Shares.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B") (Cont'd)

(B) RSLs Series B (Cont'd)

(iii) Conversion of RSLs Series B

In the event EVL fails to redeem the RCSLS Series A in full on or before its maturity and the RCSLS Series A holders, being unable to procure the sale of the Identified Assets/Security Shares for at least the RCSLS Series A redemption sum:

- (a) KNB procures the transfer by the Company to the RCSLS Series A holders of all the shares in EVL; or
- (b) KNB or any of the other RCSLS Series A holders converts its RCSLS Series A into ordinary shares in EVL; or
- (c) the RCSLS Series A holders unanimously agree to extend the tenure of the RCSLS Series A.

EVL shall thereafter within 14 business days, by notice in writing to the RSLs Series B holders, convert all the RSLs Series B of each RSLs Series B holders into one ordinary share of RM1 in EVL.

In the event that all the Identified Assets/Security Shares are sold at a value of less than the RCSLS Series A redemption sum, all of each RSLs Series B shall be converted into one ordinary share of RM1 in EVL and shall be deemed fully settled.

In the event the disposal price of all the Identified Assets/Security Shares exceeds the RCSLS Series A redemption sum, the amount in excess will be utilised to pay off the equivalent amount of the RSLs Series B proportionately and the remaining balance of each RSLs Series B shall be converted into one (1) ordinary share of RM1 in EVL and shall be deemed fully settled.

Each RSLs Series B holder shall, upon being requested to, sell its share in EVL arising from the conversion of the RSLs Series B to KNB, or, if the RCSLS Series A has been fully redeemed or converted into ordinary shares of EVL to CHHB, for a nominal consideration of RM1.

Golden Share

On 20 December, 2004, East Vision Leisure Group Sdn Bhd ("EVL") issued one golden share in the form of redeemable preference share ("Golden Share") to Khazanah Nasional Berhad ("KNB") pursuant to the Master Agreement dated 16 December, 2003 and Supplemental Master Agreement dated 21 May, 2004, both of which were entered into by EVL, KNB and the Company.

Pursuant to the rights conferred on the Golden Share, the affirmative vote of KNB in general meetings is required for certain matters in relation to EVL including:

- (a) cessation to conduct or carry on its business substantially as now conducted and/or acquire any subsidiaries, associated companies and/or any other business, company, partnership or sole proprietorship;
- (b) making any distribution of profits amongst the shareholders by way of dividend, capitalisation of reserves or otherwise; and
- (c) issuing or transferring any shares, preference or otherwise or any loan stocks or any other securities.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

30. 420,000,000 REDEEMABLE CONVERTIBLE SECURED LOAN STOCK 2004/2011 ("RCSLS SERIES A") AND 68,821,674 REDEEMABLE SECURED LOAN STOCK 2004/ 2011 ("RSLs SERIES B") (Cont'd)

(B) RSLs Series B (Cont'd)

Golden Share (Cont'd)

The Golden Share shall:

- (a) not be transferable without prior written consent of EVL;
- (b) be redeemable by EVL at par upon the RCSLS Series A being fully redeemed; and
- (c) not be entitled to any dividend of EVL.

Following the redemption of RCSLS Series A, the Golden Share issued by EVL was redeemed on 11 January, 2008.

31. BANK GUARANTEED COMMERCIAL PAPER & BANK GUARANTEED MEDIUM TERM NOTES

The Bank Guaranteed Commercial Paper ("CP") and Bank Guaranteed Medium Term Notes ("MTN") are constituted by a Trust Deed dated 2 May, 2006 made by a subsidiary of the Company, Mega Palm Sdn Bhd and the Trustee for the noteholders of the CP and MTN. All notes shall be redeemed in full at face amount on the maturity date. The CP is of a tenure of not more than 12 months up to a sublimit of RM80,000,000 in nominal value. CP redeemed shall be cancelled but shall be available for re-issue subject to terms stipulated in the Programme and Underwriting Agreement dated 2 May, 2006. MTN is of a tenure of more than 1 year but not exceeding 7 years up to a sublimit of RM70,000,000 in nominal value. MTN redeemed shall be cancelled and not available for reissuance.

The CP and MTN are secured by the following:

- (a) Unconditional and irrevocable bank guarantee issued by Malayan Banking Berhad ("Guarantor") to guarantee repayment of the borrowings;
- (b) First fixed charge over the master title known as Geran 37112, Lot 826, Mukim Batu being the Country Heights Damansara project land under the National Land Code which shall exclude the units sold in the said land;
- (c) Corporate guarantee from the Company;
- (d) First legal charge and assignment over all Designated Accounts for the Project (i.e. Proceeds Account, Project Account and Redemption Account) and the proceeds therein;
- (e) Assignment of insurance proceeds and/or endorsement of the security agent as loss payee over all insurance proceeds attributable to the Issuer in relation to the Project;
- (f) Assignment of all the Issuer's rights title and benefit in and to the credit balance and all monies in the HDA accounts;
- (g) Land held for property development and property development cost with a carrying amount of RM69,297,000 (2007: RM69,010,000) and RM32,713,000 (2007: RM49,357,000) respectively; and
- (h) Any other security to be advised by the Guarantor and/or its legal counsel and agreed by the Issuer.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

31. BANK GUARANTEED COMMERCIAL PAPER & BANK GUARANTEED MEDIUM TERM NOTES (Cont'd)

The terms of CP and MTN arrangements contain various covenants, including the following:

- (i) the Issuer must maintain a Debt Equity Ratio of not more than 2.5 times at all times; and
- (ii) the Issuer must maintain a Debt Service Cover Ratio of not less than 1.2 times at all times.

The annual interest rates at the balance sheet date for the borrowings are as follows:

	2008 %	2007 %
Bank Guaranteed Commercial Paper	3.90 - 4.35	3.90 - 4.10
Bank Guaranteed Medium Term Notes	5.20 - 7.10	5.20 - 7.10

The proceeds from the issue of the MTN and CP are accounted for in balance sheets of the Group as follows:

	Group	
	2008 RM'000	2007 RM'000
Bank Guaranteed Medium Term Notes Nominal value	70,000	70,000
Bank Guaranteed Commercial Paper		
Nominal value	12,000	60,000
Less: Unamortised discount*	(38)	(586)
	11,962	59,414

* Discount is recognised as interest expense in the income statements over the tenure of financing.

As at the end of the financial year, an aggregate finance cost on CP of RM1,301,000 (2007: RM2,705,000) was recognised in the income statements, leaving a CP balance of RM11,962,000 (2007: RM59,414,000) in the balance sheets. The finance cost charged on Bank Guaranteed Commercial Paper is based on applicable market rates.

32. LONG-TERM LIABILITIES AND DEFERRED INCOME

		Group	
	Note	2008 RM'000	2007 RM'000
Unsecured:			
Golf membership loans	(a)	3,860	5,073
Deferred income	(b)	31,856	27,734
		35,716	32,807

(a) These loans are granted to a subsidiary by members of a golf club operated by that subsidiary. The loans are unsecured, interest free and repayable at the earlier of 25 years from registration as member or upon members' resignation from the golf and country club.

(b) This represents the deferred income portion of membership fees of a timeshare scheme operated by a subsidiary, recognised over the membership period of the scheme.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

33. DEFERRED TAX LIABILITIES/(ASSETS)

		Group	
	Note	2008 RM'000	2007 RM'000
At beginning of year		79,216	106,459
Credit/(Charge) to profit or loss for the year	10	582	(25,796)
(Charge)/Credit to equity for the year:			
Revaluation reserve		-	(2,179)
Retained earnings		(969)	703
Exchange differences		289	29
At end of year		79,118	79,216
Presented after appropriate offsetting as follows:			
Deferred tax assets		(10,709)	(13,486)
Deferred tax liabilities		89,827	92,702
		79,118	79,216

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Investment Properties RM'000	Revaluation Surplus RM'000	Land Held For Development RM'000	Total RM'000
As of 1 January, 2007	2,636	35,660	90,262	4,155	132,713
Recognised in income statement	(201)	(35,098)	(987)	(448)	(36,734)
Reclassification of assets	-	-	-	(150)	(150)
Transfer to revaluation reserve	-	-	(2,179)	-	(2,179)
Transfer to retained earnings	-	-	(790)	-	(790)
As of 1 January, 2008	2,435	562	86,306	3,557	92,860
Recognised in income statement	-	-	(1,150)	(757)	(1,907)
Transfer to retained earnings	-	-	(969)	-	(969)
Exchange differences	(157)	-	-	-	(157)
As of 31 December, 2008	2,278	562	84,187	2,800	89,827

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

33. DEFERRED TAX LIABILITIES/(ASSETS) (Cont'd)

Deferred Tax Assets of the Group:

	Unabsorbed Capital Allowances RM'000	Unabsorbed Tax Losses RM'000	Property Development Cost RM'000	Others RM'000	Total RM'000
As of 1 January, 2007	(10,518)	(1,022)	(14,561)	(153)	(26,254)
Recognised in income statement	10,395	17	566	(40)	10,938
Transfer from retained earnings	-	-	1,493	-	1,493
Reclassification of assets	9	295	-	(154)	150
Exchange differences	-	21	-	8	29
As of 1 January, 2008	(114)	(689)	(12,502)	(339)	(13,644)
Recognised in income statement	(208)	-	2,679	18	2,489
Exchange difference	365	-	-	81	446
As of 31 December, 2008	43	(689)	(9,823)	(240)	(10,709)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December, 2008, the amount of net deferred tax asset, calculated at the current tax rate, which is not recognised in the financial statements due to uncertainty of realisation, is as follows:

	Group	
	2008 RM'000	2007 RM'000
Unabsorbed tax losses	35,756	33,790
Unabsorbed capital allowances	51,883	51,139
Unabsorbed investment tax allowances	45,522	45,522
Other temporary differences	(12,451)	(13,194)
	120,710	117,257

The carried forward tax losses and unabsorbed capital allowances are subject to the agreement of the tax authorities.

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective subsidiaries, subject to no substantial changes in shareholdings of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authorities.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

34. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables					
Third parties	(a)	38,658	40,748	-	-
Due to companies in which certain directors have interest		4,161	713	-	-
Progress billings in respect of property development cost		5,673	1,171	-	-
Retentions		2,996	2,970	-	-
Trade accruals		23,739	30,890	-	-
		75,227	76,492	-	-
Other payables and accrued expenses					
Due to subsidiaries	(b)	-	-	201,015	182,202
Accruals		24,550	31,471	733	9,926
Sundry payables	(c)	52,042	77,666	1,896	8,755
Interest on RM150 million 3% to 8% Redeemable Secured Bonds 1996/2009 ("Bonds")	29	22,340	19,364	22,340	19,364
Interest accrued on 68,821,674 Redeemable Secured Loan Stock 2004/2011 ("RSLs Series B")	(d)	13,877	10,436	-	-
Deposits received		6,478	5,860	-	-
Provision for tax penalty		8,873	8,786	-	-
Provision for liquidated ascertained damages		1,399	1,194	-	-
Due to directors		43	266	4	217
Due to companies in which certain directors have interest	(e)	78,393	30,986	28,139	26,933
		207,995	186,029	254,127	247,397
		283,222	262,521	254,127	247,397

(a) The normal credit terms granted to the Group range from 30 to 45 days.

(b) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(c) Included in sundry payables of the Group and of the Company is dividend payable on Cumulative Redeemable Preference Shares (CRPS I) issued by a subsidiary in prior years to Puan Sri Tan Bee Hong, spouse of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew of RM553,000 (2007: RM553,000) and RM553,000 (2007: RM553,000) respectively.

These amounts are unsecured, non-interest bearing and are repayable on demand.

(d) In 2007, East Vision Leisure Group Sdn Bhd ("EVL") completed the disposal of one of the Identified Assets, Mines Shopping Fair ("MSF"), and fully redeemed the 420,000,000 Redeemable Convertible Secured Loan Stock 2004/2011 ("RCSLS Series A") on 19 December, 2007 as disclosed in Note 30. Following the disposal of MSF and the redemption of RCSLS Series A, interest on RSLs Series B is payable to the extent of sales proceeds arising from the disposal of the remaining Identified Assets, that is Mines Waterfront Business Park and Malaysia International Exhibition & Convention Centre, and is calculated up to 31 December, 2008 amounting to RM13,877,000 (2007: RM10,436,000).

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

34. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (Cont'd)

(e) Included in amounts due to companies in which certain directors have interest are:

- (i) Cash payment portion of purchase consideration amounting to RM11,214,000 (2007: 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; and
- (ii) An amount of RM15,443,000 (2007: RM15,443,000) due to a company owned by Lee Kim Choon and Lee Hoo, close family members of Tan Sri Lee Kim Tiong @ Lee Kim Yew, a director of the Company. The company was a former subsidiary of the Company and was disposed of by the Company in 2004.
- (iii) An amount of RM45,819,000 owing by a subsidiary to Bee Garden Holdings Sdn Bhd ("Bee Garden"), a company in which Puan Sri Tan Bee Hong, the spouse of a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew, has an interest. Subsequent to the financial year, as disclosed in Note 43 (a)(ii), the said amount was partially settled by way of the issuance of shares to Bee Garden which resulted in the dilution of the Group's interest in the said subsidiary. Consequently the said subsidiary becomes an associate of the Group.

These amounts are unsecured, non-interest bearing and repayable on demand.

35. SHARE CAPITAL

	Number of Shares		Amount	
	2008	2007	2008	2007
	'000	'000	RM'000	RM'000
Authorised:				
Ordinary shares of RM1 each				
At beginning of year	5,050,000	5,000,000	5,050,000	5,000,000
Reclassified from Cumulative Redeemable Preference Shares	-	50,000	-	50,000
At end of year	5,050,000	5,050,000	5,050,000	5,050,000
Authorised:				
Cumulative Redeemable Preference Shares of RM0.10 each				
At beginning of year	-	500,000	-	50,000
Reclassified to ordinary shares	-	(500,000)	-	(50,000)
At end of year	-	-	-	-
Issued and fully paid:				
Ordinary shares of RM1 each				
At beginning/end of year	275,707	275,707	275,707	275,707

In the previous Annual General Meeting which was held on 21 June, 2007, the shareholders passed a special resolution to reclassify the authorised share capital of RM5,050,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each and 500,000,000 Cumulative Redeemable Preference Shares of RM0.10 each to RM5,050,000,000 divided into 5,050,000,000 ordinary shares of RM1.00 each.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

36. OTHER RESERVES

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable:					
Revaluation reserve	(a)	150,793	145,204	-	-
Translation reserve	(b)	(10,739)	(5,244)	-	-
Capital redemption reserve	(c)	19,048	19,048	19,048	19,048
		159,102	159,008	19,048	19,048

The movements, nature and purpose of each category of reserves were as follows:

(a) Revaluation reserve

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revaluation reserve - hotel properties				
At beginning of year	145,204	144,888	-	-
Transfer from deferred tax liabilities	-	2,179	-	-
Depreciation transfer on revalued hotel properties and exhibition centre & showroom and prepaid land lease payments	(1,864)	(1,863)	-	-
Reclassification to minority interests	7,453	-	-	-
At end of year	150,793	145,204	-	-

(b) Translation reserve

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of year	(5,244)	(4,593)	-	-
Arising in the year	(5,495)	(651)	-	-
At end of year	(10,739)	(5,244)	-	-

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries at balance sheet date.

(c) Capital redemption reserve

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning/end of year	19,048	19,048	19,048	19,048

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

36. OTHER RESERVES (Cont'd)

(c) Capital redemption reserve (Cont'd)

The capital redemption reserve arose from the redemption of 190,478,000 Cumulative Redeemable Preference Shares of RM0.10 each issued by the Company ("CRPS I") in prior years.

Pursuant to the Asset Based Settlement Exercise, the CRPS I was redeemed on 23 June, 2005 instead of its original due date on 25 October, 2005. A total of RM19,047,800 constituting the nominal value of the CRPS I redeemed was transferred from the Company's retained profits to the capital redemption reserve. This amount would otherwise have been available for distribution as dividend.

The capital redemption reserve may be applied in paying up unissued shares of the Company as fully paid bonus shares.

37. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December, 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December, 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as of December 31, 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as of 31 December, 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As of 31 December, 2008, the Company has tax exempt profits available for distribution of approximately RM136,427,000 (2007: RM136,427,000), subject to the agreement of the Inland Revenue Board.

As of 31 December, 2008, the Company has sufficient credit in the Section 108 balance and the balance in the tax-exempt income account to pay franked dividends out of its entire retained earnings.

38. COMMITMENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Capital commitments:				
Approved and contracted for	32,799	85,540	-	-
Approved but not contracted for	54,975	54,975	-	-
	87,774	140,515	-	-

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

39. CONTINGENT LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Secured:				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	92,957	126,585
	-	-	92,957	126,585
Unsecured:				
Corporate guarantees and letters of undertaking given to financial institutions in respect of borrowing facilities granted to subsidiaries, the amount of which is utilised by the subsidiaries	-	-	33,247	40,251
Lawsuit against a subsidiary, Country Heights Industries Sdn Bhd by creditor in relation to a balance for building work done for a project, College Heights Garden, Pajam for the subsidiary	-	249	-	-
Guarantees to financial institutions in respect of borrowing facilities granted to customers	3,683	6,377	-	-
Bank guarantees given to suppliers for the purpose of hotel utilities	701	726	-	-
Bank guarantees given to related parties for the purpose of utilities	250	470	-	-
	4,634	7,822	33,247	40,251
	4,634	7,822	126,204	166,836

40. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:
- (i) Transactions with companies in which a director of the Company, Tan Sri Lee Kim Tiong @ Lee Kim Yew, has controlling interests:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Insurance expenses	1,644	1,622	65	19
Security charges	798	992	-	-
Purchase of souvenirs	-	6	-	-
Rental expenses	177	207	-	-
Rental income	(552)	(692)	-	-

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

- (a) In addition to the transactions disclosed in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (Cont'd)

- (ii) Transactions with directors of the Company:

	Group	
	2008	2007
	RM'000	RM'000
Bond interest paid and payable to Tan Sri Lee Kim Tiong @ Lee Kim Yew	12,000	12,000
Rental expense paid to Gen. Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	48	48

- (iii) Transactions with companies in which directors of certain subsidiaries or parties connected to those directors have controlling interests:

	Group	
	2008	2007
	RM'000	RM'000
Rental income received from the company related to Mr Lee Teck Seng, a nephew of Tan Sri Lee Kim Tiong @ Lee Kim Yew, a director of the Company	-	(602)

- (iv) Transactions with subsidiaries

	Company	
	2008	2007
	RM'000	RM'000
Food & beverages and room charges	-	537
Dividend receivable from subsidiaries, net of tax	-	(12,300)
Management fees receivable from subsidiaries	(4,338)	(2,206)

The directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

- (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Salaries, fees and other emoluments	1,826	1,684	699	351
Bonuses	165	533	125	449
Pension costs - defined contribution plans	212	288	100	111
Director fees	236	107	82	93
	2,439	2,612	1,006	1,004

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

40. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

- (b) Compensation of key management personnel (Cont'd)

Included in the total key management personnel are:

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration	9	2,197	2,267	763	1,004

41. FINANCIAL INSTRUMENTS

- (a) **Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its interest rate risk, foreign exchange risk, liquidity risk and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

- (b) **Interest Rate Risk**

The Group's primary interest risk relates to interest-bearing borrowings which are principally denominated in Malaysian Ringgit. The Group has no substantial long-term interest bearing assets as at 31 December, 2008. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

- (c) **Foreign Exchange Risk**

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, South African Rand, Sterling Pound, Singapore Dollar and New Zealand Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from probable purchases and sales give rise to foreign exchange exposures.

There is minimal foreign exchange exposure as the transactional currencies are the functional currencies of the operating entities.

- (d) **Liquidity Risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

41. FINANCIAL INSTRUMENTS (Cont'd)

(d) Liquidity Risk (Cont'd)

The financial position of the Group as of 31 December, 2008 indicates that its current liabilities exceeded its current assets by RM180,386,000. The net current liabilities position of the Group arose mainly from the reclassification of the Redeemable Secured Bonds 1996/2009 with a related party amounting to RM150,000,000 ("the Bonds") to current liabilities due to maturity on 31 December, 2009 as disclosed in Note 29. The Group's redemption of the Bonds is dependent upon the ability of management to successfully obtain refinancing arrangements.

(e) Credit Risk

Credit risks or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
2008					
Non-current unquoted shares	20	2,000	*	-	-
Non-current memberships	20	798	*	718	*
Long-term receivables	23	17,600	15,804	-	-
2007					
Non-current unquoted shares	20	2,000	*	-	-
Non-current memberships	20	798	*	718	*
Long-term receivables	23	17,349	15,344	-	-
Financial Liabilities					
2008					
Term loans	27	3,002	2,702	-	-
Revolving credit	27	37,824	37,813	-	-
Bank Guaranteed Commercial Paper	27	11,962	@	-	-
Bank Guaranteed Medium Term Notes	27	70,000	72,334	-	-
Bonds	29	150,000	150,000	150,000	150,000
RSLs Series B	30	68,822	54,633	-	-
Golf membership loans	32	3,860	#	-	-

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

41. FINANCIAL INSTRUMENTS (Cont'd)

(f) Fair Values (Cont'd)

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following: (Cont'd)

		Group		Company	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
2007					
Term loans	27	3,290	3,149	-	-
Revolving credit	27	46,890	46,683	-	-
Bank Guaranteed Commercial Paper	27	59,414	@	-	-
Bank Guaranteed Medium Term Notes	27	70,000	73,119	-	-
Bonds	29	150,000	150,000	150,000	150,000
RSLs Series B	30	68,822	63,059	-	-
Golf membership loans	32	5,073	#	-	-

* It is not practicable to estimate the fair values of the Group's non-current unquoted shares and memberships because of the lack of quoted market prices and the inability to estimate their fair value without incurring excessive costs.

It is not practicable to estimate the fair value of golf membership loans which derived from a foreign subsidiary due to volatility of the foreign exchange currency rates, uncertainties in its repayment terms which could be repayable in 25 years or upon resignation of its members and without incurring excessive costs.

@ The fair values of the Commercial Paper in issue are equivalent to their carrying amount as their effective interest rates are considered to be market rates.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short-term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Marketable Securities

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Interest-Bearing Receivables/Borrowings

The fair value of interest-bearing receivables/borrowings is estimated by discounting the expected future cash flows using current interest rates for liabilities with similar types of lending and borrowing arrangements and risk profiles.

42. SEGMENT INFORMATION

(a) Business Segments

The Group is organised and operates internationally into four major business segments:

- (i) Property Development
- (ii) Property Investment
- (iii) Hospitality, Leisure and Health
- (iv) Others

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

42. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Total Operations RM'000
2008						
Revenue						
External sales	141,402	11,901	89,865	23	-	243,191
Inter-segment sales	7,904	3,138	15,089	4,338	(30,469)	-
Total revenue	149,306	15,039	104,954	4,361	(30,469)	243,191
Results						
Segment results	48,963	423	(4,564)	(4,981)	5,697	45,538
Profit from operations						45,538
Finance costs						(26,807)
Share of results of associates	(21)	-	-	-	-	(21)
Profit before taxation						18,710
Income tax expense						(10,106)
Profit for the year						8,604

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

42. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2008						
Assets						
Segment assets	598,186	341,330	566,578	5,148	-	1,511,242
Tax recoverable	917	23	-	2,109	-	3,049
Deferred tax assets	10,709	-	-	-	-	10,709
Investment in associates	3,026	-	-	248	-	3,274
Consolidated total assets						<u>1,528,274</u>
Liabilities						
Segment liabilities	285,924	89,983	233,129	57,809	-	666,845
Deferred tax liabilities	5,185	32,029	52,613	-	-	89,827
Tax liabilities	53,468	869	-	16	-	54,353
Consolidated total liabilities						<u>811,025</u>
Other Information						
Capital expenditure	68,903	3,371	3,654	1,043	-	76,971
Depreciation/Amortisation	1,365	3,735	11,448	111	-	16,659
Allowance for doubtful debts	(182)	27	7,544	-	-	7,389
Allowance for doubtful debts written back	-	(28)	(769)	(574)	-	(1,371)
Other significant non cash expenses	-	-	8,103	-	-	8,103
Impairment losses in value of other investments	-	160	-	-	-	160

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

42. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000	Discontinued Operation RM'000	Total Operations RM'000
2007								
Revenue								
External sales	107,359	8,290	104,075	56	-	219,780	38,755	258,535
Inter-segment sales	5,994	4,762	10,477	17,746	(38,979)	-	-	-
Total revenue	113,353	13,052	114,552	17,802	(38,979)	219,780	38,755	258,535
Results								
Segment results	35,310	28,134	404	27,433	(58,181)	33,100	106,551	139,651
Profit from operations						33,100	106,551	139,651
Finance costs						(45,590)	(15,288)	(60,878)
Share of results of associates	(158)	-	-	-	-	(158)	-	(158)
(Loss)/Profit before taxation						(12,648)	91,263	78,615
Income tax (credit)/expense						(12,460)	33,653	21,193
(Loss)/Profit for the year						(25,108)	124,916	99,808

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

42. SEGMENT INFORMATION (Cont'd)

(a) Business Segments (Cont'd)

	Property Development RM'000	Property Investment RM'000	Hospitality, Leisure & Health RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2007						
Assets						
Segment assets	583,497	362,429	580,585	6,854	-	1,533,365
Tax recoverable	654	23	5	2,233	-	2,915
Deferred tax assets	13,486	-	-	-	-	13,486
Investment in associates	3,110	-	-	185	-	3,295
Consolidated total assets						<u>1,553,061</u>
Liabilities						
Segment liabilities	301,093	97,161	228,336	72,982	-	699,572
Deferred tax liabilities	7,068	32,387	53,247	-	-	92,702
Tax liabilities	47,220	686	694	(984)	-	47,616
Consolidated total liabilities						<u>839,890</u>
Other Information						
Capital expenditure	2,845	3,166	3,626	18	-	9,655
Depreciation/Amortisation	1,530	6,679	14,736	190	-	23,135
Allowance for doubtful debts	152	609	5,737	235	-	6,733
Allowance for doubtful debts written back	(190)	(1,006)	(700)	(1,601)	-	(3,497)
Other significant non cash expenses	244	-	5,163	-	-	5,407
Impairment losses in value of other investments	-	-	-	124	-	124

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

42. SEGMENT INFORMATION (Cont'd)

(b) Geographical Segments

Although the Group's four major business segments are managed internationally, its operations are in two principal geographical areas. In Malaysia, the Group's areas of operation are principally Property Development, Property Investment, Hospitality, Leisure and Health and Others. The Group also operates in South Africa, principally in golf estate ownership and operation of a boat club.

	Total Revenue From External Customers RM'000	Segment Assets RM'000	Capital Expenditure RM'000
2008			
Malaysia	233,219	1,507,945	76,792
South Africa	9,972	20,274	178
Others	-	55	-
	243,191	1,528,274	76,970
2007			
Malaysia			
Continuing operations	206,212	1,522,913	9,557
Discontinued operation	38,755	-	-
South Africa	13,568	30,094	98
Others	-	54	-
	258,535	1,533,061	9,655

43. SUBSEQUENT EVENTS

(a) Mines Golf City Sdn Bhd (formerly known as PRS Homes Sdn Bhd)

- On 10 March, 2009, the authorised share capital of a subsidiary of the Company, Mines Golf City Sdn Bhd ("MGC") has increased from RM5,000,000 comprising 5,000,000 ordinary shares of RM1 each to RM10,000,000 comprising 10,000,000 ordinary shares of RM1 each.
- On 18 March, 2009, MGC increased its issued and paid-up share capital from RM2,600,000 to RM10,000,000 by way of allotment of 7,000,000 and 400,000 ordinary shares of RM1 each to Bee Garden Holdings Sdn Bhd ("Bee Garden") and College Heights Utara Sdn Bhd ("CHU") respectively at an issue price of RM1 each as partial settlement of the advances granted by Bee Garden and the Company. Concurrently, a shareholders' agreement was entered into between Bee Garden and CHU to regularise their rights and obligation as shareholders of MGC.

Subsequent to the shares issuance, the Company's interest in MGC was diluted to 30% of the total equity of MGC and as a result, MGC became a 30% owned associate of the Company.

Notes To The Financial Statements

For The Year Ended 31 December, 2008 (Cont'd)

43. SUBSEQUENT EVENTS (Cont'd)

(b) Borneo Heights Sdn Bhd ("BHSB")

On 27 March, 2009, BHSB, a subsidiary of the Company, entered into a Property Development Agreement with Cougar Properties Sdn Bhd ("CPSB") to co-operate with each other for the purpose of developing, constructing, promoting and marketing up to 20 eco-sustainable and environmentally friendly premium luxury villas encompassing the Borneo Highlands Resort & Golf course located in the Borneo Rain Forest, Borneo Highlands, Jalan Borneo Heights, Padawan, Kuching, Sarawak.

Under the Agreement, BHSB shall contribute the land for the construction of the villas and procure all the necessary approvals and permits for the development of the villas whilst CPSB has agreed to a minimum total sales value of USD160 million for the villas and shall bear all costs in relation to the marketing, sales and construction of the villas including all consultants and third party costs.

Analysis Of Shareholdings

As At 15 May 2009

Authorised Share Capital : RM5,050,000,000 divided into 5,050,000,000 ordinary shares of RM1.00 each

Paid-up Share Capital : 275,707,403 ordinary shares of RM1.00 each

Class of Share : Ordinary Share of RM1.00 each

Voting Rights : 1 Vote per Ordinary Share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	73	1.0311	1,301	0.0005
100 - 1,000	2,320	32.7684	2,210,870	0.8019
1,001 - 10,000	4,205	59.3926	14,614,839	5.3008
10,001 - 100,000	431	6.0876	11,004,000	3.9912
100,001 to less than 5% of issued shares	47	0.6638	114,327,055	41.4668
5% and above of issued shares	4	0.0565	133,549,338	48.4388
Total	7,080	100.0000	275,707,403	100.0000

Substantial Shareholders

No. Name of Shareholders	No. of Shares			
	Direct	%	Indirect	%
1. Golden Touch Venture Sdn Bhd	39,425,000 ⁽¹⁾	14.30	-	-
2. Chunghwa Picture Tubes (Malaysia) Sdn Bhd	48,000,000	17.41	-	-
3. Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000 ⁽¹⁾	32.50	48,368,231 ⁽²⁾	17.54

Statement of Directors' Shareholdings

No. Name of Directors	No. of Shares			
	Direct	%	Indirect	%
1. General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	1,480,842	0.54	-	-
2. Tan Sri Lee Kim Tiong @ Lee Kim Yew	89,600,000 ⁽¹⁾	32.50	48,368,231 ⁽²⁾	17.54
3. Mr Mark Victor Rozario	-	-	-	-
4. Tan Sri Datuk Dr. Ong Soon Hock	16,000	0.01	-	-
5. Encik Nik Hassan Bin Nik Mohd Amin	-	-	-	-
6. Mr Chew Chong Eu	-	-	-	-
7. Mr Chew Cheng Keat	-	-	-	-

Note :

(1) Partly held through various nominees companies

(2) Interested by virtue of his substantial interest in Golden Touch Venture Sdn Bhd, Bee Garden Holdings Sdn Bhd and his child's interest in CHHB

List Of Thirty Largest Securities Accounts Holders

As At 15 May 2009

Name of Shareholders	No. of Shares	Percentage
1. CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	43,874,338	15.9134
2. Chunghwa Picture Tubes (Malaysia) Sdn Bhd	40,000,000	14.5081
3. Lee Kim Tiong @ Lee Kim Yew	26,000,000	9.4303
4. AMMB Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Golden Touch Venture Sdn Bhd</i>	23,675,000	8.5870
5. Kensington Group Management Limited	13,784,000	4.9995
6. Joint Win Investments Limited	12,909,000	4.6821
7. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	11,023,370	3.9982
8. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lim Wee Hang</i>	10,879,800	3.9461
9. Mayban Nominees (Tempatan) Sdn Bhd <i>Maybank Investment Bank Berhad for Golden Touch Venture Sdn Bhd</i>	8,750,000	3.1737
10. Chunghwa Picture Tubes (Malaysia) Sdn Bhd	8,000,000	2.9016
11. Amsec Nominees (Asing) Sdn Bhd <i>Ambank (M) Berhad for Hung Rong Min</i>	7,856,000	2.8494
12. Golden Touch Venture Sdn Bhd	7,000,000	2.5389
13. Mayban Nominees (Tempatan) Sdn Bhd <i>Maybank Investment Bank Berhad for Lee Kim Tiong @ Lee Kim Yew</i>	5,980,862	2.1693
14. Lee Cheng Wen	5,378,831	1.9509
15. HDM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Bee Garden Holdings Sdn Bhd</i>	3,561,400	1.2917
16. Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Loke Kim Wan</i>	2,822,800	1.0238
17. Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Lee Kim Tiong @ Lee Kim Yew</i>	2,721,430	0.9871
18. Amsec Nominees (Tempatan) Sdn Bhd <i>AmBank (M) Berhad for Lim Koon Thye</i>	2,415,400	0.8761
19. Berjaya Sampo Insurance Berhad	1,880,600	0.6821
20. Citigroup Nominees (Asing) Sdn Bhd <i>JP Morgan CLR Corp for FPP Emerging Markets Fund II Limited</i>	1,358,120	0.4926
21. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	811,200	0.2942
22. Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	669,642	0.2429
23. Ng Faai @ Ng Yoke Pei	581,100	0.2108
24. Mulpha Engineering & Construction Sdn Bhd	488,000	0.1770
25. Anchor Point Sdn Bhd	480,000	0.1741
26. Malpac Capital Sdn Bhd	468,500	0.1699
27. Tan Eng Hock	335,500	0.1217
28. AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Luah Aik Chew</i>	335,100	0.1215
29. EB Nominees (Tempatan) Sendirian Berhad <i>Pledged securities account for Chong Kim Chan</i>	300,000	0.1088
30. Lim Hong Liang	263,200	0.0955
Total	244,603,193	88.7183
Total Issued Capital	275,707,403	

Analysis Of Bondholdings

As At 15 May 2009

Type	:	Redeemable Secured Bonds
Nominal Value Outstanding	:	RM150,000,000
Maturity	:	31 December 2009
Coupon	:	8%
No. of Bondholders	:	2

Distribution of Bondholders

Size of Bondholdings	No. of Bondholders	%	No. of Bonds Held	%
Less than 100	-	-	-	-
100 - 1,000	-	-	-	-
1,001 - 10,000	-	-	-	-
10,001 to 100,000	-	-	-	-
100,001 to less than 5% of issued Bonds	1	50.00	6,000,000	4.00
5% and above of issued Bonds	1	50.00	144,000,000	96.00
Total	2	100.00	150,000,000	100.00

List of Bondholders

No.	Name of Bondholders	No. of Bonds	%
1.	CIMB Nominees (Tempatan) Sdn Bhd (For the A/C of Tan Sri Lee Kim Tiong @ Lee Kim Yew)	144,000,000	96.00
2.	United Overseas Bank (Malaysia) Bhd (For Golden Touch Asset Management Sdn Bhd for the A/C of Tan Sri Lee Kim Tiong @ Lee Kim Yew)	6,000,000	4.00
	Total	150,000,000	100.00

Statement of Directors' Bondholdings

No.	Name of Directors	No. of Bonds			
		Direct	%	Indirect	%
1.	Tan Sri Lee Kim Tiong @ Lee Kim Yew	150,000,000#	100.00	-	-

Note :

Held through CIMB Nominees (Tempatan) Sdn Bhd and United Overseas Bank (Malaysia) Bhd.

List Of Landed Properties Held By The Group

As At 31 December 2008

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
	Pioneer Project Country Heights 43000 Kajang Selangor Darul Ehsan	46	Freehold	Residential - bungalow land	20.93	-	4,842	13/7/1987
Lot 246 HSD 19983 P.T. No. 12892 Mukim of Kajang District of Ulu Langat Selangor	19 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow land	0.47	-	1,150	27/2/2008*
Lot 305 HSD 20098 P.T. No. 13007 Mukim of Kajang District of Ulu Langat Selangor	38A Jalan Senyum Matahari Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.45	20	982	15/6/1993*
Lot 570 HSD 24699 P.T. No. 20156 Mukim of Kajang District of Ulu Langat Selangor	57 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.46	20	865	15/6/1993*
Lot 594 HSD 24692 P.T. No. 20149 Mukim of Kajang District of Ulu Langat Selangor	65 Jalan Cinta Alam Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Bungalow	0.41	14	509	15/6/1993*
HSD 20047 P.T. No. 12956 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Kindergarten	))))))	20	515	15/6/1993*
HSD 20055 P.T. No. 12964 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	)))))))	1.55	1,600	27/2/2008*
HSD 20283 P.T. No. 13194 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	)))))))		870	27/2/2008*
HSD 24917 P.T. No. 20431 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Proposed Kindergarten	)))))))		540	27/2/2008*

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Lot 37653 GRN 122934 P.T. No. 34881 Mukim of Kajang District of Ulu Langat Selangor	Country Heights 43000 Kajang Selangor Darul Ehsan	1	Freehold	Convenience Centre, Banking Hall & Clubhouse	6.40	20	11,687	15/6/1993*
HSD 52968 P.T.No. 40835 Mukim of Kajang District of Ulu Langat Selangor	Limited Additions Country Heights 43000 Kajang Selangor Darul Ehsan	2	Freehold	Residential - bungalow land	0.60	-	311	21/4/1989
Pajakan Negeri 7212 No. Lot 24732 HSD 22919 P.T.No. 14194 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	23 villas	Leasehold (expiring 12.11.2088)	Villas - P1: completed (unsold units retained for rental purposes)	45.52	14 12	516 15,116	24/8/1988 24/8/1988
Pajakan Negeri 7211 No. Lot 24731 HSD 22918 P.T.No. 14193 Mukim of Kajang District of Ulu Langat Selangor	W.T.C. Country Villas Country Heights 43000 Kajang Selangor Darul Ehsan	1	Leasehold (expiring 12.11.2088)	Clubhouse & Tennis Courts	12.28	14	10,971	24/8/1988
HSD 59893 P.T. No. 16721 Mukim of Petaling District of Petaling Selangor	Malaysia International Exhibition & Convention Centre (MIECC)	1	Leasehold (expiring 20.3.2091)	Exhibition Centre	6.74	11	206,594	1/7/2003*
HSD 232191 P.T. No. 852 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	1	Leasehold (expiring 04.06.2105)	Proposed Condo	1.69	-	1,104	15/6/1993*
PN 11297 Lot 1591 Mukim of Petaling District of Petaling Selangor	The Mines Resort City	38	Leasehold (expiring 01.12.2107)	Residential - bungalow land	9.27	-	10,291	15/6/1993*
HSD 59885 P.T. No. 16713 Mukim of Petaling District of Petaling Selangor	Palace of the Golden Horses The Mines Resort City	1	Leasehold (expiring 20.3.2091)	Hotel	13.80	11	399,991	20/5/2004*

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
	College Valley Industrial Park	97	Freehold	Industrial land	20.60	-	8,609	31/3/1995
Lot 27 HSD 105214 P.T. No. 13092 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.18	12))))))		1/6/1994
Lot 28 HSD 104395 P.T. No. 12273 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.18	12))))))		1/6/1994
Lot 397 HSD 104778 P.T. No. 12656 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.23	12))))))		1/6/1994
Lot 890 HSD 105017 P.T. No. 12895 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.23	12))))))		1/6/1994
Lot 963 HSD 105344 P.T. No. 13222 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.17	12))))))	28,097	1/6/1994
Lot 965 HSD 105342 P.T. No. 13220 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.19	12))))))		1/6/1994
Lot 969 HSD 105338 P.T. No. 13216 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.16	12))))))		1/6/1994
Lot 972 HSD 105335 P.T. No. 13213 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.16	12))))))		1/6/1994

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Lot 973 HSD 105241 P.T. No. 13119 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.17	12)))))		1/6/1994
Lot 1038 HSD 105294 PT 13173 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.19	12)))))		1/6/1994
Lot 1323 HSD 105606 PT 13485 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.18	1)))))		1/6/1994
Lot 1324 HSD 105607 PT 13486 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.17	1)))))		
Lot 1325 HSD 105608 PT 13487 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.17	1)))))		
Lot 1326 HSD 105609 PT 13488 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.17	1)))))		
Lot 1327 HSD 105610 PT 13489 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Freehold	Bungalow	0.19	1)))))		
	College Heights Garden Resort	233	Freehold	Residential - bungalow land	52.27	)))		1/6/1994
	College Heights Garden Resort	7	Freehold	2-storey shop- office	0.41	)))		1/6/1994
	College Heights Garden Resort	27	Freehold	3-storey shop- office	1.17	))	9.671	1/6/1994

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Lot 23560 HM 132798 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	340	Freehold	Low cost flat/shop	22.08		12,748	1/6/1994
	College Heights Garden Resort	7	Freehold	Institutional land	80.17	)))	12,324	1/6/1994
	College Heights Garden Resort	2	Freehold	EQ/Clubhouse land	14.56	))		
	College Heights Garden Resort	2	Freehold	Residential future	4.13	)))		1/6/1994
	College Heights Garden Resort	154	Freehold	Commercial Development	12.87	)))		1/6/1994
	College Heights Garden Resort	4	Freehold	Recreational & Commercial land	5.58	))	4,751	1/6/1994
Lot 8217 PM 336 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 08/12/2093)	Agriculture Land	2.00	))))))		6/8/2001
Lot 9225 PM 333 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 23/08/2095)	Agriculture Land	1.91	))))))	1,189	
Lot 9226 PM 332 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	1	Leasehold (Expiring 23/08/2095)	Agriculture Land	1.47	))))))		6/8/2001
CT 8095 - 8098 Lot 4129 - 4132 Mukim of Setul District of Seremban Negeri Sembilan	College Heights Garden Resort	89	Freehold	Residential - bungalow land	13.29		5,563	1/3/1995
PN 17796 (formerly HSD 10483) Lot 1284 (formerly Lot 1115) Pekan Teluk Kemang District of Port Dickson Negeri Sembilan	Ocean Wave Water Theme Park	50	Leasehold (expiring 18.12.2089)	Theme Park & service apartments	3.83		8,306	27/2/1990

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 79509 GRN 37650 PT No. 2712 Mukim of Setul District of Seremban Negeri Sembilan	Lot 162 Stafffield Country Resort	1	Freehold	Residential - bungalow land	0.20		181	23/8/1995
Lot No.15 section 11, Gunong Penrissen Padawan Kuching, Pangkalan Ampat Land District of Sarawak	Borneo Heights	68	Leasehold (expiring 04.09.2192)	Residential - bungalow land Future Development	28.12 4,803.92	)))))	47,128	20/9/1994 20/9/1994
	The Hornbill Golf & Jungle Club			Golf Course & Golf Hotel	162.60	9	31,365	27/6/2000
Lot 4 (Lot 4756) Geran No. 44342 Lot 7 Geran No. 7062 Lot 6534 Geran No. 25870 Lot 1818 HM 1820 Lot 1962 HM 1819 Lot 503 HM 614 Lot 1710 HM 1833 Lot 11 HM 1672 Jenan, Kedah	Jenan Estate, Kubang Pasu, Kedah	298	Freehold	Bungalow lots	47.89	)))		8/11/1995
		5	Freehold	Bungalow house	1.22	)))		
		-		Shopoffice & Commercial lots	10.84	)))	46,232	8/11/1995
				Proposed Mixed Development	214.54	)))		
				Club House	6.48	3	8,029	
	Cyber Heights	116	Freehold	Villas	Approx. 34.37	)))		11/2/1999
				Proposed Mixed Development	Approx. 26.23	)))	43,238	
HSD 22645 P.T. No. 38015 Mukim of Dengkil District of Sepang Selangor	Cyberjaya	1	Freehold	Bungalow land	0.41	))))))		
HSD 22639 P.T. No. 38009 Mukim of Dengkil District of Sepang Selangor	Cyberjaya	1	Freehold	Bungalow land	0.41	))))))	6,148	15/1/2008

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
HSD 22640 P.T. No. 38010 Mukim of Dengkil District of Sepang Selangor	Cyberjaya	1	Freehold	Bungalow land	0.49	)))))		
HSD 59892 P.T. No. 16720 Mukim of Petaling District of Petaling Selangor	Palace Beach Resort & Spa	1	Leasehold (expiring 20.3.2091)	Hotel	9.25	12	59,245	4/2/2002*
HSD 59887 P.T. No. 16715 Mukim of Petaling District of Petaling Selangor	Mines Waterfront Business Park	1	Leasehold (expiring 20.3.2091)	Commercial Building	12.05	12	112,090	29/2/2008*
HSD 59886 P.T. No. 16714 Mukim of Petaling District of Petaling Selangor	Golf View Apartments	1	Leasehold (expiring 20.3.2091)	Recreational	11.86		25,985	25/9/1998
HSD 59888 P.T. No. 16716 Mukim of Petaling District of Petaling Selangor	Fisherman's Wharf	1	Leasehold (expiring 20.3.2091)	Recreational	1.77	)))))	13,930	25/9/1998
HSD 59890 P.T. No. 16718 Mukim of Petaling District of Petaling Selangor	Mines Resort City Lake	1	Leasehold (expiring 20.3.2091)	Recreational	153.40	)))))		25/9/1998
HSD 2500 P.T. No 2129 Mukim of Ulu Telom District of Cameron Highlands Pahang Darul Makmur	Equatorial Hill Resort Cameron Highland	4	Freehold	Apartments	0.07	12	445	12/11/2001
HSM 9-93 PT NO. 249 Mukim of Padang Matairat District of Langkawi Langkawi, Kedah Darul Aman	Perdana Beach Resort Mukim Padang Matairat Langkawi	4	Freehold	Apartments	0.09	10	441	21/5/2002

As At 31 December 2008 (Cont'd)

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List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 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	10)))))	413	1/6/2003
Portion 124	Extension 13 482 JQ North West Province South Africa	1	Freehold	Boat Club Marina	9.87	))))		1/6/2003
Erf 1083	Extension 10 482 JQ North West Province South Africa	1	Freehold	Clubhouse	3.93	10)))))		1/6/2003
Erf 876	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	18.03	)))))		1/6/2003
Erf 877	Extension 12 482 JQ North West Province South Africa	1	Freehold	Golf course	176.65	)))))	11,792	1/6/2003
Erf 1084	Extension 10 482 JQ North West Province South Africa	1	Freehold	Recreation facilities	5.86	)))))		1/6/2003
Erf 1205	Extension 14 482 JQ North West Province South Africa	1	Freehold	P O S	0.29	)))))		1/6/2003
Erf 1269	Extension 16 482 JQ North West Province South Africa	1	Freehold	Parking	0.52	)))))		1/6/2003
Portion 73	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	10.74	)))))	588	1/6/2003
Remaining extent of portion 77	Extension 17 482 JQ North West Province South Africa	1	Freehold	None	17.66	)))))		1/6/2003

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Erf 1233	Extension 8 482 JQ North West Province South Africa	1	Freehold	None	0.12		443	1/6/2003
Erf 1261	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.30		489	1/6/2003
Erf 1273	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.14		505	1/6/2003
Erf 1275	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.14		474	1/6/2003
Erf 1277	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.13		440	1/6/2003
Erf 1258	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.31		521	1/6/2003
Erf 1259	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.27		505	1/6/2003
Erf 1260	Extension 16 482 JQ North West Province South Africa	1	Freehold	None	0.29		489	1/6/2003
Erf 1300	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		533	1/6/2003
Erf 1302	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		517	1/6/2003

List Of Landed Properties Held By The Group

As At 31 December 2008 (Cont'd)

Title	Location/Address	No. of lots/ units	Tenure	Existing Use	Land Area (Acres)	Approximate Age of Building (Years)	2008 Net Book Value (RM'000)	Revaluation*/ Acquisition Date
Erf 1304	Extension 9 482 JQ North West Province South Africa	1	Freehold	None	0.13		505	1/6/2003
					<u>8,316.85</u>		<u>1,356,243</u>	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of Country Heights Holdings Berhad will be held at Royal III, Level 1, Palace of the Golden Horses, Jalan Kuda Emas, Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 24 June 2009 at 3.00 p.m. to transact the following businesses :-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon. *(Ordinary Resolution 1)*
2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2008. *(Ordinary Resolution 2)*
3. To re-elect Tan Sri Lee Kim Tiong @ Lee Kim Yew who retires pursuant to Article 102 of the Company's Articles of Association, and being eligible, has offered himself for re-election. *(Ordinary Resolution 3)*
4. To consider and if thought fit, to pass the following resolution to re-appoint General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) as a Director of the Company who retires pursuant to Section 129 of the Companies Act, 1965:-

"THAT pursuant to Section 129 of the Companies Act, 1965, General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) who has attained the age of 70 years be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."
(Ordinary Resolution 4)
5. To consider and if thought fit, to pass the following resolution to re-appoint Tan Sri Datuk Dr. Ong Soon Hock as a Director of the Company who retires pursuant to Section 129 of the Companies Act, 1965:-

"THAT pursuant to Section 129 of the Companies Act, 1965, Tan Sri Datuk Dr. Ong Soon Hock who has attained the age of 70 years be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting."
(Ordinary Resolution 5)
6. To re-appoint Messrs Deloitte KassimChan as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*

Notice Of Annual General Meeting (Cont'd)

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Resolutions:-

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares from the unissued share capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Ordinary Resolution 7)

8. **Proposed Renewal of General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature with the Related Parties as specified in Section 3.2 of the Circular to Shareholders dated 2 June 2009 and such approval shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM whereby the authority is renewed; or
- b. the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary in the best interest of the Company to give effect to the transactions contemplated and/or authorised by this resolution."

(Ordinary Resolution 8)

Notice Of Annual General Meeting (Cont'd)

9. Proposed Renewal of Authority for the Purchase of its Own Shares by the Company

"THAT subject always to the Companies Act, 1965 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of the relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that :

- i. the aggregate number of shares purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up ordinary share capital of the Company for the time being quoted on Bursa Malaysia;
- ii. an amount not exceeding the total audited retained profits of the Company of RM26,771,000 and/or audited share premium reserves of the Company of RM57,251,000 as at 31 December 2008, be allocated by the Company for the Proposed Share Buy-Back; and
- iii. at the discretion of the Directors of the Company, the shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and may be distributed as dividends or resold on the Bursa Malaysia or subsequently cancelled.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and things to give effect to the Proposed Share Buy-Back AND THAT such authority shall commence immediately upon passing of this ordinary resolution until:

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions;
- b. the expiration of the period within which the next AGM after that date is required by law to be held; or
- c. revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting;

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Malaysia or any other relevant authorities.

Notice Of Annual General Meeting (Cont'd)

AND FURTHER THAT authority be and is hereby unconditionally and generally given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of depository under the Securities Industry (Central Depositories) Act, 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia, and all other relevant governmental and/or regulatory authorities."

(Ordinary Resolution 9)

10. To transact any other business of which due notice shall have been given.

By Order of the Board

HENG LEE PING (MAICSA 7039896)
Secretary

Seri Kembangan, Selangor Darul Ehsan
2 June 2009

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If no name is inserted in the space for the name of the proxy, the Chairman of the meeting will act as the proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The duly completed and signed Proxy Form must be deposited at the Registered Office of the Company at 10th Floor, Block C, The Mines Waterfront Business Park, No. 3, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude the member from attending and voting in person at the meeting should the member subsequently wish to do so.

Notice Of Annual General Meeting (Cont'd)

Explanatory Notes to Special Business:

1. The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to allot and issue shares in the capital of the Company up to an aggregate amount not exceeding ten percent (10%) of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This is to avoid any delay and cost in convening a general meeting to obtain shareholders approval for such issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM.
2. The proposed Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature in the ordinary course of its business as set out in the Circular to Shareholders dated 2 June 2009 with the Related Parties mentioned therein which are necessary for the Group's day to day operations. The shareholders' mandate is subject to renewal on an annual basis.
3. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's shares of up to ten percent (10%) of the issued and paid-up share capital of the Company for the time being quoted on Bursa Malaysia by utilizing the funds allocated which shall not exceed the total retained profits and/or share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

Statement Accompanying Notice Of Annual General Meeting

Details of Directors standing for re-election/re-appointment are as follows:

The Directors who are standing for re-election/re-appointment at the Twenty-Fifth Annual General Meeting are as follows:

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)
Tan Sri Datuk Dr Ong Soon Hock
Tan Sri Lee Kim Tiong @ Lee Kim Yew

The details of the above Directors and their interest in the securities of the Company are set out on pages 4 to 6 and 161 of the Annual Report.



Country Heights Holdings Berhad
119416-K

No. of ordinary shares held

PROXY FORM

I / We _____ NRIC/Passport No. _____

of _____

being a member/members of Country Heights Holdings Berhad hereby appoint _____

NRIC/Passport No. _____ of _____

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Royal III, Level 1, Palace of the Golden Horses on Wednesday, 24 June 2009 at 3.00 p.m., and any adjournment thereof.

AGENDA

Ordinary Resolutions		For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon (Resolution 1)		
2.	To approve the payment of Directors' fees (Resolution 2)		
3.	To re-elect Tan Sri Lee Kim Tiong @ Lee Kim Yew as Director (Resolution 3)		
4.	To re-appoint General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) as Director (Resolution 4)		
5.	To re-appoint Tan Sri Datuk Dr Ong Soon Hock as Director (Resolution 5)		
6.	To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration (Resolution 6)		
7.	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 7)		
8.	To approve the Proposed Renewal of General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 8)		
9.	To approve the Proposed Renewal of Authority for the Purchase of its Own Shares by the Company (Resolution 9)		

(Please indicate with an "X" in the spaces provided, how you wish your vote to be cast. If you do not do so, the proxy will vote as he thinks fit, or at his discretion or abstain from voting)

Signed this _____ day of _____, 2009.

Signature/Common Seal of Shareholder _____

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If no name is inserted in the space for the name of the proxy, the Chairman of the meeting will act as the proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
5. The duly completed and signed Form of Proxy must be deposited at the Registered Office of the Company at 10th Floor, Block C, The Mines Waterfront Business Park, No.3, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof. The lodging of the Form of Proxy will not preclude the member from attending and voting in person at the meeting should the member subsequently wish to do so.

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AFFIX
STAMP

The Company Secretary
Country Heights Holdings Berhad (119416 - K)
10th Floor, Block C, MINES Waterfont Business Park,
No 3, Jalan Tasik, MINES Resort City,
43300 Seri Kembangan,
Selangor Darul Ehsan, Malaysia

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Country Heights Holdings Berhad

10th Floor, Block C, MINES Waterfront Business Park,
No.3, Jalan Tasik, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel : 603-8943 8811
Fax: 603-8941 1470
Homepage: www.countryheights.com.my

Property Development

COUNTRY HEIGHTS PROPERTY DEVELOPMENT BERHAD
COUNTRY HEIGHTS eMARKETING SERVICES SDN BHD
PECANWOOD RESORT & RESIDENTIAL ESTATE
Ground Floor, Block A, MINES Waterfront Business Park,
No.3, Jalan Tasik, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel : 603-8948 5555
Fax: 603-8945 1477
Email: inquiry@countryheights.com.my
Homepage: <http://properties.countryheights.com.my>
Contact Person: Ms. Crystal Lau, Sales & Marketing Manager

Property Investment

MS LEE SOW LIN, Chief Executive Officer

MINES WATERFRONT BUSINESS PARK

Retail 6, Ground Floor, Block D,
MINES Waterfront Business Park,
No.3, Jalan Tasik, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel : 603-8943 8811
Fax: 603-8943 1837
Email: enquiry@mwbp.mines.com.my
Homepage: <http://mwbp.mines.com.my>
Contact Person: Mr. Vincent Chew, Head of Sales & Marketing

MALAYSIA INTERNATIONAL EXHIBITION & CONVENTION CENTRE (MIECC)

Level 2, MIECC,
Jalan Dulang, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel : 603-8945 2055
Fax: 603-8945 2155
Email: info@miecc.mines.com.my
Homepage : www.miecc.com.my
Contact Person: Mr. Elvin Ng, Director of Sales & Marketing

Hospitality, Leisure & Health

MR. STUART JAMES VENNEN PACK, Chief Executive Officer

PALACE OF THE GOLDEN HORSES

Jalan Kuda Emas, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel : 603-8946 4888
Fax: 603-8943 2666
Email: enquiry@pgh.mines.com.my
Homepage: www.palaceofthegoldenhorses.com.my
Contact Person: Mr. Ondre Lim, General Manager

PALACE BEACH & SPA

Jalan Dulang, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan
Tel: 603-8943 6688
Fax: 603-8943 5555
Email: sales@pbs.mines.com.my
Homepage: www.palacebeachandspa.com.my
Toll-Free Reservations:
Malaysia : 1 800 88 6018
Singapore: 800 601 1106
Contact Person: Mr. Anthony Wee, General Manager

BORNEO HIGHLANDS RESORT

Ground & 1st Floor, Lot 11607-11608, Block 16,
RH Plaza, Lorong Lapangan Terbang 1,
93250 Kuching, Sarawak
Tel : 082-577 930 / 578 930
Fax: 082-576 680
Email: enquiry@borneohighlands.com.my
Homepage: www.borneohighlands.com.my
Contact Person: Mr. Loh Leh Ching, Chief Operating Officer

PALACE VACATION CLUB

Palace of the Golden Horses
Lobby Level, Garden Lounge,
Jalan Kuda Emas, MINES Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan.
Tel : 603-8941 1999
Fax : 603-8945 3340
Email: enquiry@palacevacationclub.com
Homepage: www.palacevacationclub.com
Contact Person: Mr. Ricky Yip, Chief Executive Officer

COUNTRY HEIGHTS HEALTH TOURISM SDN BHD

Lower Ground Floor, East Wing, Palace of the Golden
Horses, Jalan Kuda Emas, MINES Resort City, 43300 Seri
Kembangan, Selangor Darul Ehsan
Tel : 603-8941 5833
Fax: 603-8941 6163
Email: enquiry.hs@ghhs.com.my
Homepage: www.ghhs.com.my
Contact Person: Ms. Candy Yap, Executive Director

INTERNATIONAL MALAYSIA EDUCATION CENTRE (IMEC)

Pusat Bahasa Antarabangsa Cemerlang
IMEC Centre, No 1 Jalan Sinar Pagi
Country Heights, 43000 Kajang, Selangor Darul Ehsan
Tel : 603-8736 2868
Fax : 603-8733 2866
Email : info@imec.edu.my
Homepage : www.imec.edu.my
Contact Person: Ms. Angie Ng, Director of IMEC

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**COUNTRY HEIGHTS
DAMANSARA**
A little Forest in Kuala Lumpur



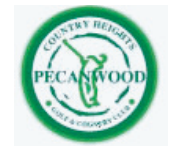
**CYBER HEIGHTS
VILLAS**
IN AN INTELLIGENT CITY, CYBERJAYA



MINES®
Resort City



Country Heights Kajang
Country living at its best



MINES®
Waterfront Business Park
Phrase 2

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KUBANG PASU
A Paradise For Country-Style Living



PALACE
Vacation Club



COUNTRY VILLAS
The Ultimate Haven For Country Living



Zen^{spa}

MINES®
SIGNATURE MANAGEMENT GROUP
COLLECTION OF LUXURY HOTELS & RESORTS



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Country Heights Holdings Berhad 119416-K

10th Floor, Block C, MINES Waterfront Business Park
3, Jalan Tasik, MINES Resort City, 43300 Seri Kembangan
Selangor Darul Ehsan. URL: www.countryheights.com.my
Tel: 03-8943 8811 Fax: 03-8941 1470