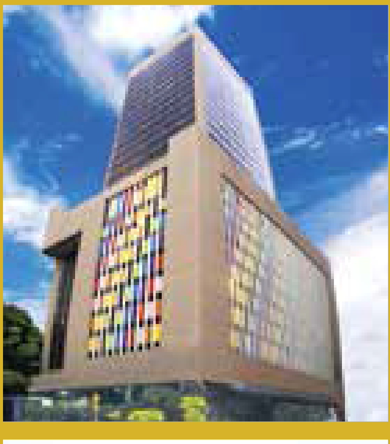

Grand Central Enterprises Bhd

Registration No. 198401019138 (131696-V)
(Incorporated in Malaysia)

Annual Report 2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Eng Teong
(Executive Chairman)

Tan Teck Lin
(Deputy Executive Chairman cum Managing Director)

Tan Eng How
(Executive Director)

Tan Hwa Imm
(Executive Director)

Wong Tow Cheong
(Independent Non-Executive Director)

Lee Wai Kuen
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

Tan Hwa Lian
(Alternate Director to Tan Eng Teong)

AUDIT COMMITTEE

Chairman
Wong Tow Cheong
(Independent Non-Executive Director)

Members
Lee Wai Kuen
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

COMPANY SECRETARIES

Tan Kok Aun (MACS 01564)
Nip Chee Sien (MAICSA 7066996)

REGISTERED OFFICE

No. 1 & 1A, 2nd Floor (Room 2)
Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel : 03-40435750 Fax : 03-40435755

REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel : 03-20849000 Fax : 03-20949940, 03-20950292

AUDITORS

Ernst & Young PLT
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, 50490 Kuala Lumpur
Tel : 03-74958000 Fax : 03-20955332

SOLICITORS

Chooi & Company + Cheang & Ariff
39 COURT @ Loke Mansion
No. 273 A, Jalan Medan Tuanku
50300 Kuala Lumpur
Tel : 03-26910803 Fax : 03-26934475

BANKERS

OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd.
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia Securities Berhad

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in all aspects of the hotel business, provision of limousine services and hotel management services. The Group currently owns and manages five hotels under the Hotel Grand Continental brand. The Group manages only Hotel Grand Crystal which is owned by an affiliated company, Hotel Grand Central Limited, Singapore which is listed on the Stock Exchange of Singapore.

As at 31 December 2019, operating hotels owned by the Group and hotel under management agreement are as follows:

Name	Group's Equity Interest	Available Rooms
Hotel Grand Continental Kuala Lumpur	100%	309
Hotel Grand Continental Kuala Terengganu	100%	190
Hotel Grand Continental Kuantan	100%	234
Hotel Grand Continental Kuching	100%	180
Hotel Grand Continental Langkawi	86.36%	195
Hotel Grand Crystal Kedah	None	130

FINANCIAL REVIEW

During the financial year, the Group recorded a higher revenue of RM 23.5 million against RM 23.2 million in the preceding year and loss before taxation for the year was RM 7.8 million against RM 6.4 million in the previous year.

Whilst the overall weighted average occupancy rate and the weighted average room rate ("ARR") remained the same for both years, the weighted average room yields ("RevPAR") decreased by 1% in 2019 as compared to 2018. Increasing supply of hotel rooms in our area of operation have impacted our RevPAR growth.

For the year ended 31 December 2019, rooms revenue accounted for 60% (2018: 61%) of the total revenues while food and beverage revenue accounted for 34% (2018: 31%).

Limousine services did not have a significant contribution on the Group's consolidated results for the year ended 31 December 2019.

The Group has no immediate plans for material investments in capital assets.

IMPAIRMENT PROVISION

The Group assesses the carrying value of a group-owned operating hotel when there is any indication that the asset may be impaired. Indicative criteria include continuing adverse changes in the local market condition in which the hotel operates, when the hotel continues to operate at a loss position and its financial performance is worse than expected. Professional valuations will be carried out by independent firms of professional valuers for those properties for which internal assessment results needed independent confirmation.

Rahim & Co was engaged to carry out a valuation on Hotel Grand Continental Kuala Lumpur in 2020 and Hotel Grand Continental Kuala Lumpur, Hotel Grand Continental Kuala Terengganu, Hotel Grand Continental Kuantan and Hotel Grand Continental Langkawi in 2019 whereas Raine & Horne performed a valuation on Hotel Grand Continental Kuching in 2020 and 2019. No impairment provision was required for both years 2019 and 2018 on all the properties.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits with reputable financial institutions. The Group's banking facilities are all denominated in Ringgit, hence minimising currency risks.

Cash Flows

During the year under review, there were net cash flows used in operating activities of RM 3.0 million as compared to RM 1.3 million in 2018, with an increase of 123% mainly due to higher operating expenses in year 2019.

The increase in receivables in 2019 was RM 0.3 million as compared to a decrease of RM 0.5 million in 2018. The Group has constantly monitored and follow-up on debtors collection.

There was net cash generated from investing activities of RM 0.6 million as compared to RM 7.5 million in 2018. This was mainly due to withdrawal of cash in fixed deposits for dividend payment and operating activities in year 2018.

Capital expenditures for 2019 was RM 2.5 million as compared to prior year of RM 1.5 million. This was mainly due to refurbishment of rooms and installation of a new chiller in Hotel Grand Continental Kuala Lumpur.

Borrowings and Gearing

As at 31 December 2019, the Group had cash and bank balances and deposit of RM 54.9 million (2018: RM 58.6 million). The Group has no borrowing other than a motor vehicle which was purchased in 2018 under hire purchase.

Pledge of Assets

Included in short-term deposits with licensed banks are deposits of RM 1.2 million (2018: RM 1.2 million) pledged as bank guarantees to Tenaga Nasional Berhad for credit facilities to the Group.

Capital Commitments

Details of the capital commitments of the Group are shown in note 28 to the financial statements.

Share Capital

There was no change in the share capital of the Company for the year under review.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Company declared an interim dividend of RM 0.02 per ordinary share for the financial year ended 31 December 2018 which was paid on 25 May 2018.

No final dividend was recommended for the financial year ended 31 December 2019.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

During the year, there were no acquisitions or disposals of subsidiaries of the Company.

STAFF AND REMUNERATION POLICY

The Group employs approximately 311 full time staff as at 31 December 2019. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis on performance appraisals and other relevant factors.

PROSPECTS

The hotel market where the Group operates in are generally expected to be uncertain for 2020 due to cost pressures, a standardized minimum wage policy implemented from February 2020, the Coronavirus, uncertain economic climate and business environment.

Looking forward, the Group will concentrate more on sales and promotions in Asia and we shall continue a prudent approach to cost control.

GROUP FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015
RESULTS (RM'000)					
Revenue	23,549	23,175	25,894	27,589	29,837
Loss before tax	(7,796)	(6,415)	(4,958)	(3,208)	(1,600)
Net loss attributable to equity holders of the Company	(6,700)	(5,380)	(4,354)	(5,802)	(1,974)
FINANCIAL POSITION (RM'000)					
Total assets	235,194	243,035	253,551	263,383	273,472
Total liabilities	20,042	21,130	21,240	22,759	23,150
Share capital	199,397	199,397	199,397	197,002	197,002
Shareholders equity	213,467	220,168	230,457	238,751	248,494
Total borrowings	50	81	41	71	-
SHARE INFORMATION (SEN)					
Basic loss per share	(3.4)	(2.7)	(2.2)	(2.9)	(1.0)
Net assets per share	108	112	117	121	127
Gross dividend per share	-	2*	2*	-	2*

* single-tier dividend

CORPORATE STRUCTURE

GRAND CENTRAL ENTERPRISES BHD.

- **100%**
  GRAND CENTRAL ENTERPRISES (TRENGGANU) SDN. BHD.
- **100%**
  GRAND CENTRAL ENTERPRISES (PAHANG) SDN. BHD.
- **100%**
  * **HOTEL GRAND OLYMPIC (M) SDN. BHD.**
- **100%**
  GRAND CENTRAL ENTERPRISES (SARAWAK) SDN. BHD.
- **100%**
  GRAND CENTRAL TRANS-SERVICES SDN. BHD.
- **86.36%**
  GRAND ISLAND HOTEL (LANGKAWI) SDN. BHD.

* Under member's voluntary liquidation.

NETWORK OF HOTELS

HOTEL GRAND CONTINENTAL • KUALA LUMPUR

HOTEL GRAND CONTINENTAL • KUALA TERENGGANU

NETWORK OF HOTELS

HOTEL GRAND CONTINENTAL • LANGKAWI

HOTEL GRAND CONTINENTAL • KUCHING

NETWORK OF HOTELS

Hotel Grand Continental • Kuantan

* Hotel Grand Crystal • Kedah

** Hotel owned by others.*

PROPERTIES OWNED BY THE GROUP

Locations	Description	Tenure	Area	Approximate Age of Building	Book Value
			Square Metres	Years	RM'000
Lot 604, Section 46 Town of Kuala Lumpur Wilayah Persekutuan	Hotel Grand Continental Kuala Lumpur	Freehold	2,248.67	33	80,390
SPK 60, Lot 398 Mukim of Kuah District of Langkawi Kedah	Hotel Grand Continental Langkawi	Freehold	2,558.00	27	11,598
CT 4741, Lot 2 Section 20 Town of Kuantan District of Kuantan Pahang	Hotel Grand Continental Kuantan	Freehold	6,108.93	25	22,813
Lot 322, Section 46 Kuching Town Land District Sarawak	Hotel Grand Continental Kuching	Long Term Leasehold	4,160.00	24	30,346
PT 1645C, Lot 4023 Town and District of Kuala Terengganu Terengganu	Hotel Grand Continental Kuala Terengganu	Freehold	2,768.00	23	19,558

DIRECTORS' PROFILE

TAN ENG TEONG

Tan Eng Teong, male, aged 82, Malaysian, was appointed as the Executive Chairman of Grand Central Enterprises Bhd. ("GCE") on 20 November 1991 and is one of its founder members.

Mr Tan has over the years accumulated vast experience in the hotel and travel, property development and investments and manufacturing industry. He is currently the Chairman and Managing Director of Hotel Grand Central Limited, Singapore which is listed on the Stock Exchange of Singapore and sits on the Board of some of the subsidiary companies within the GCE Group as well as the Board of several other private companies in Australia and New Zealand.

He does not hold any other directorships in any public listed company in Malaysia.

Tan Eng Teong is the brother of Tan Teck Lin and Tan Eng How and he is deemed to have an interest in Hotel Grand Central Limited and Tan Chee Hoe & Sons Sdn. Bhd., the major shareholders of GCE, by virtue of his interest in these companies.

TAN TECK LIN

Tan Teck Lin, male, aged 78, Malaysian, was appointed as the Managing Director of GCE on 20 November 1991, subsequently redesignated as Executive Deputy Chairman cum Managing Director on 6 May 2015 and is one of its founder members.

He is also an Executive Director of Hotel Grand Central Limited, Singapore. Apart from managing all the hotels in GCE Group, Mr Tan maintains a very active role in various hotels in Singapore, Australia and New Zealand. He also sits on the Board of several other companies that are involved in the businesses of property development, manufacturing, trading and hospitality industry.

He does not hold any other directorships in any public listed company in Malaysia.

Tan Teck Lin is the brother of Tan Eng Teong and Tan Eng How and he is deemed to have an interest in Hotel Grand Central Limited and Tan Chee Hoe & Sons Sdn. Bhd., the major shareholders of GCE, by virtue of his interest in these companies.

TAN ENG HOW

Tan Eng How, male, aged 65, Malaysian, was appointed as the Executive Director of GCE on 17 January 1986 and is one of its founder members.

He is involved in the day-to-day operations of the chain of hotels in GCE Group. Mr Tan is a member of the Hotel Catering and Institutional Management Association, United Kingdom and obtained a post-graduate diploma in hotel and catering administration from the Council for National Academic Awards, United Kingdom. He is a Director of Hotel Grand Central Limited, Singapore and an Executive Director in some of the subsidiary companies of GCE.

He does not hold any other directorships in any public listed company in Malaysia.

Tan Eng How is the brother of Tan Eng Teong and Tan Teck Lin and he is deemed to have an interest in Hotel Grand Central Limited and Tan Chee Hoe & Sons Sdn. Bhd., the major shareholders of GCE, by virtue of his interest in these companies.

DIRECTORS' PROFILE

TAN HWA IMM

Tan Hwa Imm, female, aged 53, Malaysian, was appointed to the Board of GCE as an Executive Director on 31 May 2001. She has been the Group's Financial Controller since 1995.

She worked in a London based international accounting firm for 5 years and later as a Financial Controller of a commercial company. She graduated from the London School of Economics with a Bachelor of Science Degree in Management Sciences (Second Upper Honours) and is also a fellowship member of the Institute of Chartered Accountants in England and Wales.

She does not hold any other directorships in any public listed company in Malaysia.

Tan Hwa Imm is the daughter of Tan Teck Lin, a Director and major shareholder of the Company.

WONG TOW CHEONG

Wong Tow Cheong, male, aged 82, Malaysian, was appointed to the Board of GCE as an Independent Non-Executive Director on 19 May 2006. He is also the Chairman of the Audit Committee and Nominating Committee and a member of Remuneration Committee of GCE.

Mr Wong graduated with Bachelor in Architect from University of Curtin, W.A. in 1961. He is a Registered Architect and has been practicing since 1962. Mr Wong is the founder of Wong T.C. Architects & Associates Sdn. Bhd. Some of the major projects undertaken by the Firm were Wisma UOA in Bangsar, Damansara and Kuala Lumpur, Grand Continental Hotels, Wisma TCT in Kuala Lumpur, factories in Kepong and Shah Alam, and residential houses/apartments in Kuala Lumpur and Selangor.

He does not hold any other directorships in any public listed company in Malaysia.

He does not have any family relationship with any Director and/or major shareholder of the Company.

LEE WAI KUEN

Lee Wai Kuen, male, aged 55, Malaysian, was appointed to the Board of GCE as an Independent Non-Executive Director on 21 May 2008. He is also a member of the Audit Committee, Remuneration Committee and Nominating Committee of GCE.

Mr Lee graduated with the Association of Chartered Certified Accountants (ACCA) in 1993. He became an associate member of ACCA in 1995 and obtained his fellowship in 2000. Currently he is a member of both the Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM). Mr Lee has over 25 years of experience in the audit profession. He has established his own accountancy firm and has been practicing as a sole practitioner since 1998.

He does not hold any other directorships in any public listed company in Malaysia.

He does not have any family relationship with any Director and/or major shareholder of the Company.

DIRECTORS' PROFILE

LIM THIAN LOONG

Lim Thian Loong, male, aged 56, Malaysian, was appointed to the Board of GCE as an Independent Non-Executive Director on 8 May 2013. He is the Chairman of the Remuneration Committee and is also a member of the Audit Committee and Nominating Committee of GCE.

He is an accountant by profession and graduated with The Chartered Institute of Management Accountants (CIMA) from London. He is a member of the CIMA, Chartered Global Management Accountants (CGMA), Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia (CTIM). He has his own firm and has been practicing as a sole practitioner since 2002. He has over 16 years of experience in accounts, audit and tax.

He also sits on the Board of Sanbumi Holdings Berhad and Eduspec Holdings Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, other than as an Independent Non-Executive Director of Hotel Grand Central Limited, a major shareholder of the Company.

TAN HWA LIAN

Tan Hwa Lian, female, aged 57, Singaporean, was appointed as alternate director to Executive Chairman of the Company, Tan Eng Teong, on 6 May 2015.

After graduating from the National University of Singapore with a Bachelor in Business Administration (Hons), she joined the banking and finance sector. Working initially in the corporate banking department in a bank in Singapore, she later joined a large financial institution where she was responsible for real estate lending and long term treasury investments. In total, she gathered 15 years of experience before leaving the sector in 2000. She is currently an Executive Director of Hotel Grand Central Limited, Singapore which is listed on the Stock Exchange of Singapore. She held this position from year 2003.

She does not hold any other directorships in any public listed company in Malaysia.

Tan Hwa Lian is the daughter of Tan Eng Teong, a Director and major shareholder of the Company.

SENIOR MANAGEMENT PROFILE

TEOH HOOI NIE

Teoh Hooi Nie, female, aged 48, Malaysian, was appointed as the Group Accountant on 10 May 2016.

She has more than 23 years of experience in the hotel industry. She graduated from Tunku Abdul Rahman College with a Diploma in Management Accounting in Malaysia.

She does not hold any directorships in any public listed company in Malaysia.

She does not have any family relationship with any Director and/or major shareholder of the Company.

TAN POH LIAN

Tan Poh Lian, female, aged 48, Malaysian, was appointed as the Group Operations Manager on 18 February 2019.

She has more than 16 years of experience in the hotel industry. She graduated from the Association of International Accountants.

She does not hold any directorships in any public listed company in Malaysia.

She does not have any family relationship with any Director and/or major shareholder of the Company.

CHRISTOPHER KOH BENG TEE

Christopher Koh Beng Tee, male, aged 57, Malaysian, was appointed as the Group Sales & Marketing Administrator on 15 June 2009.

He has more than 38 years of experience in the hotel industry. He graduated from Stamford College with a Diploma in Business Computing and Advance Diploma in Business Computing from Central Institute of Commerce in Malaysia.

He does not hold any directorships in any public listed company in Malaysia.

He does not have any family relationship with any Director and/or major shareholder of the Company.

SUSTAINABILITY STATEMENT

Sustainability At GCE

The Group understands the need for business to refine its operations to respect our environment. Our planet is under stress as a result of human activities and, together with our partners, we owe it to succeeding generations to find appropriate solutions. In relation to our business, the Group is committed to setting the standard for the travel of tomorrow.

In practice note 9.6.0, Bursa advocates and the Group supports the adoption of International standards in relation to mitigating climate change impacts. One example of this is Bursa support for the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations which focuses on how climate change impacts bottom line. The Group's goal in pursuing TCFD's standards includes implementing effective resource management and waste minimisation. In so doing, the aim is to provide good and efficient service standards; a comfortable temperature-controlled environment and quality food and beverage.

The Group is also committed to:

(a) Efficient sourcing of produce
(b) Effective use of energy and basic utilities; and
(c) Empathy in our dealings with our human resources.

Overall the Group's aim is to provide facilities addressing these without depleting our surroundings, and whilst building communities able to sustain the practices that we implement. In order to facilitate this, the policy is to inform and involve our guests and staff in relation to the Group's efforts in relation to sustainable travel and hospitality.

Recent examples of the implementation of appropriate measure include the Groups efforts across the business, to reduce the energy footprint, and reduce, reuse or recycle waste. Specific examples include the planting out of herb gardens, the composting and use of discarded food as fertilizers and the use of energy saving light bulbs. The use of motion sensors to reduce power usage is currently under review.

It is essential to acknowledge that the road for businesses to achieve optimized sustainability is challenging; it cannot be fully achieved over night as it requires longstanding cultures and investments to be refined within the context of continuing profitability. The Group has started out on this road and is committed to incremental improvements in the coming years.

The Group believes that many of our travelers share the same values and challenges and trust that through our efforts they will better understand the footprints they leave behind when they exit our doors. Part of the strategy therefore is to support traveler's own individual efforts and to reach out to them for their own input into the Group's efforts.

Sustainability Governance

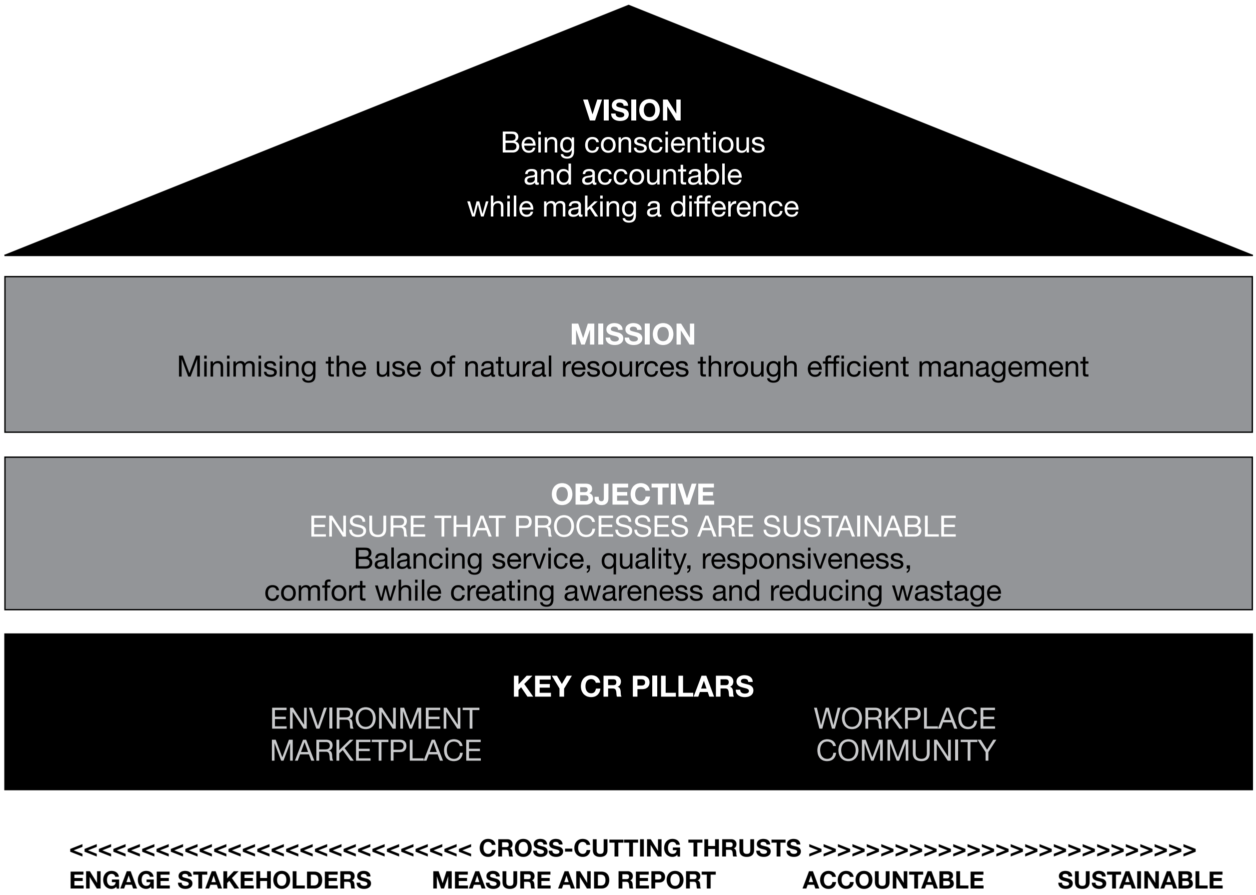

Diagram: Sustainability Tower

Based on the Group's stakeholders' feedback and its own priorities, the Group Sustainability Statement is: "Minimising the use of natural resources through efficient management". This approach is encapsulated in our sustainability principles:

1. Environmental ("E") Footprint
   - maximising use of natural resources and minimising waste

2. Economic ("E") Benefit
   - sharing best practices and efficient and prompt service with suppliers and other stakeholders

3. Social ("S") Outreach
   - impacting positively on the lives of our communities
   - training and elevating our staff to higher levels of pro-activeness and responsiveness

A multi-tier regulating system to address implementation of the EES principles, has been implemented comprising:

- Appointment of a Board Member with responsibility for the planning and implementation of all sustainability related issues;
- Sustainability committees at hotel management level; and
- Identification of Green Stewards at each hotel with specific and defined responsibilities for identifying and implementing appropriate measures across the hotel.

Sustainability Governance (cont'd.)

In line with good governance practices, the above initiatives represent the foundation of the Group's commitment to corporate responsibility and to the principles of environmental footprint reduction and economic and social outreach.

This sustainability strategy is therefore a practical and proactive one, with clearly defined goals and milestones that are reviewed regularly. In doing so, the aim is to establish the Group's position as a responsible hotelier, valued employer, and as a reliable and responsible corporate citizen within our respective communities.

In order to monitor performance detailed, goal-oriented checklists have been established which set out benchmarks against which results are measured. This is in line with the Group's determination to perform and deliver and to make our own contribution, as acknowledged stewards, of the planet's finite resources and along with those that come through our doors.

Specific Measures

Environmental Footprint

Most air conditioning systems installed in the hotels are 5-star related EER (Electrical Efficiency Rating); the remainder will be upgraded as the opportunity presents itself. All guest rooms are installed with keycard master switches which control power supply to the room. Lighting elements are progressively being replaced by energy saving LED lights throughout the hotel and motion sensors control lighting in common passageways and corridors.

Daily maintenance checks are carried out to ensure that there are no leaking toilets or ill-fitting flappers on the premises and notices are placed in all guest rooms alerting guest to report leakages whilst at the same time providing water saving tips.

In order to further preserve water resources, guests are made aware of the amount of water and chemicals used in laundering linen and towels and notices are placed in each guest room encouraging the re-use of both linen and towels during their stay. Information leaflets outlining the hotels reduced reuse and recycle programme which summarises the hotels sustainability initiatives are also provided to guests.

Separate recycling bins for plastic, tin cans and papers are provided on every floor in public areas and in back of house areas. In general, printed material used in the hotel utilise recycled paper and all used paper is further recycled. All fruit and vegetable scraps are composted and thereafter used as fertilizer for the hotel's home-grown fruit and herb garden.

We continue to move forward, at each of our premises, we have sought to implement specific measures to minimize our carbon footprints. Furthermore, we are actively seeking to engage with our guests and encourage their own suggestions as to ways in which we can continue to improve our response to our consumption of energy and resources. A coming initiative is the installation of motion sensors in our wash basins and for lighting in certain common areas.

Economic Benefit

The Group is committed to being attentive, friendly and responsive, whilst providing affordable and comfortable accommodation for our travelers. In order to help achieve this the Group's aim is to include the supply chain in setting the best examples of service and hospitality befitting of a successful contemporary Malaysian enterprise and in so doing to help ensure the long-term sustainability of Malaysian tourism. To this end, the Group continues to work closely with Tourism Malaysia to ensure that the standards adopted are internationally competitive.

Responsible and sustainable hospitality also extends to implementing sound purchasing policies which minimise wastage in food and materials by:

- Avoiding over provision of food and beverages;
- Proper monitoring of food and beverage use;
- Adequate signages informing charges will be imposed on food wastage; and
- To this end, appropriate food procurement policies are put in place.

Specific Measures (cont'd.)

Social Outreach

Corporate Responsibility

In relation to this matter the focus is on direct engagement with the communities in which Group properties are located.

Kuala Terengganu:

Hotel Grand Continental Kuala Terengganu has established an orphanage donation box and the proceeds were donated to PERKAYA in Kuala Terengganu and Dungun. During the fasting month children from several orphanages were invited to 'iftar' at the hotel.

Kuantan:

Hotel Grand Continental Kuantan distributed bubur lumbuk to passers-by at the front of the hotel during Ramadan. Donation boxes have been established in the lobby for Pertubuhan Pembangunan Wanita, Keluarga dan Masyarakat India and a donation drive in aid of Yayasan Kebajikan Negara.

Kuala Lumpur:

The staff of Grand Continental Kuala Lumpur held a charity drive campaign for the less fortunate and they also have their own welfare collection fund. Where a need arises, a collection is taken to help with needs of the employee. For example, an Indian National staff needed funds for medical treatment in India and a collection was done for this.

In addition, during the fasting month children from several orphanages were invited for 'iftar' at the hotel and were given duit raya.

Kuching:

Over Christmas, "Stars" were sold upon which messages could be written and placed on the hotel's Christmas tree. Proceeds from the sale were donated to the Salvation army home. Furthermore, presents donated by hotel staff were given to children in the pediatric ward at the Sarawak government hospital. During Ramadan period, bubur lambuk/bubur pedas were donated to old folks' homes.

Langkawi:

Hotel Grand Continental Langkawi distributed bubur lumbuk to passers-by at the front of the hotel during Ramadan period.

Human Capital

The Group understands that effective and continuous training of our staff is of utmost importance as they are who we are and how we are. Training Programmes on green initiatives for employees and Awareness Programmes to reduce carbon footprints and wastage are key aspects of the training programme. Heads of departments are trained to be 'green-mentors' and are delegated a duty to educate their staff.

As safety is also a priority in everything we do, employees are required to undergo OSHA (Occupational Safety and Health Act).

An active training programme is in place which engages the staff so that they can become equipped to bring long-lasting positive impact to the local communities. In line with the Ministry of Human Resources Development Fund, the Group has embarked on "wow" experience customer relationship excellency training for our staff nationwide. The continuous ability to create WOW experiences for customers is what keeps them coming back. This is a key factor in building relationships, value and organizational success. Workshop modules equip participants with highly effective interactive customer service skills for face to face encounters as well as telephone and social media communications.

Specific Measures (cont'd.)

Social Outreach (cont'd.)

Creating the potential for long term employment is of paramount importance. The Group wants employees to be motivated as opposed to being just managed. Satisfied and motivated staff help deliver satisfied guests which in turn can lead to repeat visitation. Human capital is an important organic resource and needs fostering and some initiatives in this respect include:

- staff recognition programmes for employees who go above and beyond the call of duty;
- team building exercises such as sports activities;
- flexible working hours; and
- assistance in cash and kind for legitimate family crises.

Furthermore, a dedicated team is tasked with coordinating and implementing appropriate sustainable initiatives. The training and awareness progammes include an element of realism and serve to advance the Group's brand so that the staff understand that they are walking brand ambassadors.

Conclusion

Sustainable development needs to be developed by private as well as public and social initiatives, and the Group wants to become a leader in this critical endeavour.

Sustainability requires strong top down management with an effective structure through the business which can deliver consistent and progressive implementation against the EES principles.

The Group believes that enterprises which conduct their businesses in a sustainable manner and demonstrate their commitment to local development priorities will prosper and that sound and regular programmes are a keystone for consistent sustainability implementation.

The goals and the steps being taken to achieve this have been outlined above. This journey is the Group's refinement of sustainability practices and a key step process that will constantly evolve and develop as sustainability is embedded progressively more deeply into the Group's business ethos.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Grand Central Enterprises Bhd. ("GCE") recognizes the importance of practicing good corporate governance and is committed to ensuring the Group practices high standard of corporate governance in line with the Malaysian Code on Corporate Governance 2017 ("the Code") to achieve the Group's governing objective of realizing long-term shareholders' value while taking into account the interest of other stakeholders.

The statement below sets out the commitment of the Board to ethical behavior and transparency in business strategy, operations and corporate culture in deriving the intended outcomes of the Principles and Practices of the Code, and in applying the principles and practices of the Code to ensure long-term sustainability of the Group.

This statement is to be read together with the Corporate Governance Report 2019 of the Company which is available on the Company's website http://www.gcebhd.com.my.

BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

In adhering to the Code practices, and in the responsibilities to ensure that companies operate successfully and sustain growth, the Board shows its commitment to leading and controlling the Group's strategic direction, overseeing the business operations, identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. The Board holds meeting quarterly and when necessary for any matters which may arise between the meetings.

The Board in carrying out its stewardship responsibility has delegated certain responsibilities to the Audit Committee, Nominating Committee and Remuneration Committee. All committees have clearly defined terms of reference. The Chairman of the various committees will report to the Board the outcomes of the committee meetings. The Board will ensure that proper and effective controls are in place to assess and manage the business operation and risk.

The Board maintains a formal schedule of matters reserved to it for decision. This schedule of matters includes approval of business strategy and objectives, corporate governance arrangements, financial reporting and audit, major capital expenditure and maintenance, acquisitions and disposals, dividend recommendations and overall system of internal control and risk management.

The Managing Director and Executive Directors are primarily responsible for the day-to-day business operations of the Group and management decisions as well as implementation of the Group's policies, while the Independent Non-Executive Directors provide input to key decisions including formulation of policies and strategies, performance evaluation and risk evaluation of the Group. The Independent Non-Executive Directors are also involved in various board committees and will provide independent assessments and opinions and act objectively and constructively in exercising their duties. The Board, through the Nominating Committee conducts the annual assessment on the effectiveness of the Board, the Board Committees and the Directors of the Company.

The Board recognises that the continue focus and priorities needs to be given to the following areas during the year 2020:

(i) Human capital development and succession management
(ii) Sustain growth
(iii) Marketing and promotion

Board Charter

The Board Charter was adopted in year 2013 and it sets out the Board's strategic intent and outlines the Board's roles and responsibilities. The Board Charter was last updated in 2018 and is available at the Company's website http://www.gcebhd.com.my.

The Board has established a Whistleblowing Policy with the purpose to ensure the right decisions are made when confronted with situations that test our values, beliefs and judgment. The said policy was also included in the Group's Employee's Handbook.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

Board Balance

The Board is well balanced with wide range of business and financial experience. Each year the Board reviews and evaluates the performance of each director and arranges suitable training where appropriate. The profiles of the members of the Board are provided on pages 12 to 14 of this Annual Report.

The Board consists of a Chairman, a Deputy Chairman cum Managing Director, two Executive Directors and three Independent Non-Executive Directors. The Board is mindful that the Chairman holds an executive position and recognized his prominent role and contribution to the Company since the Company was set up. The Board is comfortable that there is no undue risk involved as the Executive Directors will be informed and consulted before the Chairman makes any significant decision and all major matters are referred to the Board for consideration and approval. Furthermore, the role and contributions of Independent Directors also provide an element of objectivity, independent judgment and check and balance on the Board.

The Board has been seeking for suitable caliber candidates as independent directors of the Company through our associate company who is a member of an institute of directors to make up a majority of independent directors in the Board members as recommended under the Code. Further, ongoing efforts are also taken to maintain an appropriate gender representation on the Board.

Wong Tow Cheong has been the Independent Non-Executive Director of the Company since 19 May 2006. The Nominating Committee and Board of Directors have carried an evaluation and assessment and concluded that Mr Wong stays independent and objective in board deliberations and decision making, and is able to act in the best interests of the Company. Mr Wong is not related to any Directors and substantial shareholders of the Company and is not under the influence of the other Directors and is self determined.

Lee Wai Kuen was appointed as the Independent Non-Executive Director of the Company since 21 May 2008. The Nominating Committee and Board of Directors have carried an evaluation and assessment and concluded that Mr. Lee who is a Chartered Accountant by profession, his independent views, objective assessments and opinions in board deliberations has effectively discharged his duties as independent director. Mr. Lee is able to act in the best interests of the Company. Mr. Lee is not related to any Directors and substantial shareholders of the Company and is not under the influence of the other Directors and is self determined.

The Board met four times during the financial year ended 31 December 2019. The details of attendance of each Director at the Board meetings held during the financial year at the Conference Room of Hotel Grand Continental, 10th Floor, Jalan Belia/Jalan Raja Laut, 50350 Kuala Lumpur are set out as below:

Name of Director	**25 February 2019 (1500 hrs)**	**8 May 2019 (1530 hrs)**	**7 August 2019 (1500 hrs)**	**11 November 2019 (1300 hrs)**
Tan Eng Teong	-	-	X	X
Tan Teck Lin	X	X	X	X
Tan Eng How	X	X	X	X
Tan Hwa Imm	X	X	X	X
Wong Tow Cheong	X	X	X	X
Lee Wai Kuen	X	X	X	X
Lim Thian Loong	X	X	X	X
Tan Hwa Lian (Alternate Director)	X	-	X	X

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

Supply Of Information

To fulfill the responsibilities set out above, the Directors are provided with appropriate reports and information at least five days in advance of each meeting regarding the business operations and financial affairs of the Group. The notice for each of the meeting is also accompanied by the minutes of preceding board meeting. This also enables any director who is unable to attend a Board meeting to provide comments and discuss issues arising with the other Board members. Further, the Directors have access to the advice and services of the Company Secretaries, and may seek external independent professional advice when required.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharge of their functions. The Company Secretaries ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Group. The Company Secretaries also keep abreast of the regulatory changes and developments in Corporate Governance and update the Board timeously.

Appointment Of Directors

The Nominating Committee is responsible in recommending to the Board on the appointment of any additional Directors deemed necessary with due consideration given to the mix of expertise and experience required for an effective Board. Other factors considered include the Directors' ability to commit sufficient time, their character and level of independence in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, integrity and professionalism. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the Annual General Meeting held following their appointments.

Directors' Training

During the financial year 2019, all the Directors have attended the training course on "Introduction to Companies Act 2016" held on 7 August 2019. In addition thereto, the Directors have also attended other training courses as follows:

Tan Hwa Imm
"Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009" held on 5 November 2019.

Lee Wai Kuen
"Unravelling the Recent Trends in Tax Avoidance Cases" held on 4 September 2019.
"Learn to Develop, Build upon and/or Appreciate the Importance of the Capital Statement in Tax Audits" held on 16 October 2019.
"2020 Budget Seminar" held on 20 November 2019.

Lim Thian Loong
"Cyber Security in the Boardroom" held on 27 June 2019.

The Directors constantly keep abreast with the current changes in laws and regulations, and business environment through various media channels.

Re-election

Pursuant to the Constitution of the Company, one-third or the number nearest one-third of the Directors for the time being shall retire from office, and each Director shall retire from office once at least in every three (3) years. The Constitution of the Company further provide that any Director appointed by the Board during the year shall hold office only until the next following Annual General Meeting after his appointment. The Director(s) retired shall be eligible for re-election.

Nominating Committee

The Nominating Committee was established by the Board on 21 February 2005 and the Committee Members are:

Chairman
Wong Tow Cheong
(Independent Non-Executive Director)

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

Nominating Committee (cont'd.)

Members
Lee Wai Kuen
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

The terms of reference of the Nominating Committee is available at the Company's website http://www.gcebhd.com.my.

Summary of Activities

During the financial year 2019, the Nominating Committee had performed:

(a) reviewed and assessed the composition of the Board as a whole and individually on the skills and experiences of the Directors including core competencies and effectiveness of the Board;
(b) evaluated and determined training needs of Directors;
(c) assessed and made recommendation to the Board on re-election of those Directors subject to re-election in accordance to Articles of Association;
(d) reviewed the term of office and performance of the Audit Committee members;
(e) evaluated the independence of the Independent Non-Executive Directors based on the criteria as prescribed in the Main Market Listing Requirements and the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad;
(f) reviewed and recommended to the Board for re-appointment of Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years and to seek shareholders' approval on the reappointment at the forthcoming Annual General Meeting; and
(g) reviewed and recommended to the Board for re-appointment of Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve years and to seek shareholders' approval on the re-appointment at the forthcoming Annual General Meeting.

One Nominating Committee Meeting was held on 25 February 2019 and was attended by all Committee Members.

Remuneration Committee

The Remuneration Committee was established by the Board on 21 February 2005 and the Committee Members are:

Chairman
Lim Thian Loong
(Independent Non-Executive Director)

Members
Lee Wai Kuen
(Independent Non-Executive Director)

Wong Tow Cheong
(Independent Non-Executive Director)

The terms of reference of the Remuneration Committee is available at the Company's website http://www.gcebhd.com.my.

The functions of the Committee include recommendation to the Board, the remuneration packages of Managing Director, Executive Directors and senior management of the Company in all its forms, which are in accordance with the skills, experience and expertise they possess, the business performance of the Company and the general economic outlook, and may draw from outside advice if necessary.

The Remuneration Committee meeting was held on 25 February 2019, and attended by all the Remuneration Committee Members, to review the remuneration of the Directors and senior management of the Company to ensure that rewards commensurate with their experience and individual performance.

BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

Remuneration Committee (cont'd.)

The Non-Executive Directors are paid an annual fixed fee for serving on the Board, which is determined by the Board of Directors as a whole.

Directors Remuneration

The fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the Group at the Annual General Meeting.

Disclosure

The aggregate remuneration of Directors of the Group and of the Company for the financial year ended 31 December 2019 are as follows:

Group

	Salaries	Allowance	Fees	EPF & Socso	Benefits In Kind	Total
	RM	RM	RM	RM	RM	RM
Executive Directors:						
Tan Eng Teong	120,000	-	32,000	18,833	-	170,833
Tan Teck Lin	204,000	34,100	30,000	28,673	51,244	348,017
Tan Eng How	258,000	26,200	28,000	35,641	31,392	379,233
Tan Hwa Imm	114,000	17,500	20,000	22,363	8,832	182,695
Total	696,000	77,800	110,000	105,510	91,468	1,080,778
Non-Executive Directors:						
Wong Tow Cheong	-	-	15,000	-	-	15,000
Lee Wai Kuen	-	-	15,000	-	-	15,000
Lim Thian Loong	-	-	15,000	-	-	15,000
Tan Hwa Lian (Alternate director)	-	-	-	-	-	-
Total	-	-	45,000	-	-	45,000
Grand Total	**696,000**	**77,800**	**155,000**	**105,510**	**91,468**	**1,125,778**

Company

	Salaries	Allowance	Fees	EPF & Socso	Benefits In Kind	Total
Executive Directors:						
Tan Eng Teong	120,000	-	32,000	18,833	-	170,833
Tan Teck Lin	204,000	34,100	30,000	28,673	51,244	348,017
Tan Eng How	204,000	26,200	28,000	28,433	31,392	318,025
Tan Hwa Imm	114,000	17,500	20,000	22,363	8,832	182,695
Total	642,000	77,800	110,000	98,302	91,468	1,019,570
Non-Executive Directors:						
Wong Tow Cheong	-	-	15,000	-	-	15,000
Lee Wai Kuen	-	-	15,000	-	-	15,000
Lim Thian Loong	-	-	15,000	-	-	15,000
Tan Hwa Lian (Alternate director)	-	-	-	-	-	-
Total	-	-	45,000	-	-	45,000
Grand Total	**642,000**	**77,800**	**155,000**	**98,302**	**91,468**	**1,064,570**

EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management and Internal Control

The Board is committed to maintain a sound system of internal control and effective risk management system and it is the Board's responsibility to review its adequacy and integrity. Risk management is an integral part of the Group's business objectives and activities and is critical for the Group's overall objective to achieve continued profitability and sustained growth.

The Group's systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognizes the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognizes that risks cannot be completely eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them. The Group has an ongoing process for identifying, evaluation and managing key risks in the context of its business objectives.

The Statement of Risk Management and Internal Control is set out on pages 31 to 32. It provides an overview of the state of risk management and internal control within the Group.

Audit Committee

The Audit Committee comprises three (3) Non-Executive Directors, all of whom are Independent Directors. No alternate director is appointed as a member of the Audit Committee. The Audit Committee members are qualified individuals having the required level of the expertise and experience to discharge the Audit Committee's functions and duties.

In addition to the duties and responsibilities set out under its term of reference, the Audit Committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the Group's internal control and risk management systems. The committee also conducts a review of the internal audit functions i.e. its authority, resources and scope of work. It also ensures that no restrictions are placed on the scope of the statutory audits and on the independence of the internal audit functions.

The Group's internal audit function was outsourced to a professional internal audit services company who reports to the Audit Committee.

The minutes of the Audit Committee Meeting are tabled to the Board for noting and for action by the Board where necessary. The activities of the Audit Committee during the year are set out under the Audit Committee Report on pages 29 to 30.

Relationship with External Auditors

The Board ensures that an objective and professional relationship is maintained with the external auditors through the Audit Committee which keeps under review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the auditors.

The role of the Audit Committee in relation to the external auditors is further described in the Audit Committee Report on pages 29 to 30.

Financial Reporting

In presenting the annual financial statements and quarterly announcement of results to the shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose, with reasonableness at any time, the financial position of the Group and the Company and enable them to ensure that the accounts are in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016 and the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. They are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

Responsibility Statement By The Board Of Directors

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Company present a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and their cash flows for the year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2019, the Group had used the appropriate and relevant accounting policies and applied them consistently and made judgments and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy. The Directors have also taken the necessary steps to ensure that the appropriate systems are in place for the assets of the Group to be properly safeguarded for prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable but not absolute assurance against material misstatement, loss and fraud.

The auditors' responsibilities are stated in their report to the shareholders.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Dialogue With Shareholders

The Directors encourage and seek to build up a mutual understanding of objectives between the Group and its shareholders. The Board seeks to encourage shareholders to attend the Annual General Meeting. Besides the disclosures and announcements to the Bursa Malaysia Securities Berhad, it uses the Annual General Meeting to communicate with private investors and encourages their participation.

Aside from general meetings, GCE encourages shareholders to provide feedback and raise queries to the Company through the corporate website http://www.gcebhd.com.my.

Employees Involvement

The Board values two-way communication between senior management and employees at all levels. Regular management visits are made to each hotel and meetings are held whereby consultation takes place with employees on developments within the business.

OTHER INFORMATION

Conflict Of Interest

None of the Directors and senior management have any conflict of interest with the Group.

Material Contracts

There were no material contracts entered into by the Group which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

Conviction For Offences

None of the Directors and senior management have been convicted of any offences within the past five years other than traffic offences, if any.

OTHER INFORMATION (CONT'D.)

Audit and Non-Audit Fees

Audit and non-audit fees paid or payable to the External Auditors for the financial year ended 31 December 2019 are as follows:

	Group RM	Company RM
Audit fees	232,000	74,000
Non-audit fees *	5,000	5,000

* For reviewing the Statement of Risk Management and Internal Control

The Board is satisfied that the Group has adopted mostly of its obligation under the Code, throughout the financial year ended 2019.

This Statement is made in accordance with a resolution of the Board of Directors dated 13 March 2020.

AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee members are:

Chairman
Wong Tow Cheong
(Independent Non-Executive Director)

Members
Lee Wai Kuen
(Independent Non-Executive Director)

Lim Thian Loong
(Independent Non-Executive Director)

The terms of reference of the Audit Committee is available at the Company's website http://www.gcebhd.com.my.

Meetings

There were four meetings held during the financial year and the attendance of the present Audit Committee Members are as follows:-

Committee Members	25 February 2019 (1130 hrs)	8 May 2019 (1130 hrs)	7 August 2019 (1330 hrs)	11 November 2019 (1030 hrs)
Wong Tow Cheong	x	x	x	x
Lee Wai Kuen	x	x	x	x
Lim Thian Loong	x	x	x	x

Internal Audit Function

The primary responsibility of the internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control procedures are effective and provide recommendations to strengthen these internal control procedures so as to foster a strong management control environment.

During the financial year ended 31 December 2019, the internal audit function was outsourced to a professional internal audit services company (" Internal Auditors ") BPS Advisor Sdn Bhd who reports to the Audit Committee. The Audit team is headed by a manager who is assisted by an audit executive. Both manager and executive are accounting graduates from local universities.

The Internal Auditors have performed its work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on the audit concerns. The internal audit reviews are carried out based on the Audit Committee's instructions on the selected functions and departments of the selected hotels.

During the financial year, the Internal Auditors had conducted reviews on:
- Food & Beverages and Maintenance Departments in Hotel Grand Continental Kuching; and
- Food & Beverages and Housekeeping Departments in Hotel Grand Continental Kuantan.

The audit findings noted in these reviews as well as the agreed action plans for improving the systems of internal control on the reviewed areas were presented to the Audit Committee.

The total cost incurred for the Internal Audit function in respect of the financial year amounted to RM40,194.

Summary of Activities

During the financial year 2019, the Audit Committee had:

(i) considered and recommended the re-appointment of the external auditors, Ernst & Young PLT;
(ii) discussed with the external auditors before the audit commences the nature and scope of the audit;
(iii) reviewed with the management and the external auditors the quarterly and year-end financial statements before their submission to the Board, focusing particularly on:
- any changes in or implementation of major accounting policies and practices
- significant unusual events
- significant adjustments arising from the audit
- the going concern assumption
- compliance with accounting standards
- compliance with stock exchange and other legal requirements

(iv) discussed with the external auditors problems and reservations arising from the final audits (in the absence of management);
(v) reviewed with the external auditors on Statement of Risk Management and Internal Control and recommendation to the Board for inclusion in the annual report;
(vi) reviewed with external auditors, their evaluation of systems of internal controls and audit reports;
(vii) reviewed the assistance given by the employees to the external auditors;
(viii) reviewed with the outsourced Internal Auditors, BPS Advisor Sdn. Bhd., the internal audit finding, and whether the management had taken appropriate action based on the recommendations of the internal auditors;
(ix) communicated with the Internal Auditors on the scope of works and premises to audit;
(x) reviewed the related party transactions entered into by the Group and conflict of interest situation that may arise;
(xi) reviewed, identified, evaluated, managed key financial and non-financial risks;
(xii) reviewed with the management on debtors aging report and the actions taken; and
(xiii) reviewed the Group's compliances with the requirements of the Companies Act, 2016, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad requires the Board of Directors of a listed company to include in its annual report a "statement on risk management and internal control of the company as a Group".

RESPONSIBILITY

The Board of Grand Central Enterprises Bhd. is committed to maintain a sound system of internal control and effective risk management within the Group and is responsible for reviewing its adequacy and integrity. Risk management is an integral part of the Group's business objectives and activities and is critical for the Group's overall objective to achieve continued profitability and sustainable growth.

The Group's systems of internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives. The Board continually reviews the system to ensure that the risk management and internal control system provides a reasonable assurance against material misstatement, loss or fraud.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's overall business operations and guided by operational manuals and policies and procedures. This process is regularly reviewed by the Board for effectiveness and adequacy, and is guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

The Executive Deputy Chairman cum Managing Director and Executive Director regularly meet with senior management team which covers all departments. The Board has received assurance from the Executive Deputy Chairman cum Managing Director and the Executive Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The key risk management and internal control processes that the Board has established in reviewing the adequacy and integrity of the Group's risk management and system of internal control, are as follows:

- The Group has a clearly defined organisational structure together with lines of responsibility and delegation of authority;

- The Group has proper procedures for approval and authority limit for controlling and approving capital expenditure and expenses. There are also clear procedures for obtaining approvals for asset disposals and major business transactions;

- The policies and procedures for the processes of the Group's operation are documented in the Group accounting and control manuals, and are updated from time to time;

- Detailed management accounts are prepared monthly by each operating property based on an annual budget with monthly reports compared against budget plus analysis of significant variances;

- The internal audit function of the Group was outsourced to a professional internal audit services company ("Internal Auditors"), which includes performing regular reviews of the business processes to assess effectiveness of the internal control system and to highlight significant risks impacting the Group with recommendation for improvements;

- The Audit Committee of the Board comprises of three Independent Non-Executive Directors and has full access to both the internal and external auditors;

- The Audit Committee meets regularly during the financial year ended 31 December 2019 and holds discussions with the management on the action taken on internal control issues prepared by the internal auditors. The minutes of the Audit Committee meetings are tabled to the Board on a quarterly basis. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee report;

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES (CONT'D.)

- The Group carries insurance cover in respect of insurable business risk, including property risk, to appropriate levels, which are determined upon consultation with insurance brokers;

- There are proper guidelines drawn-up by the Group for hiring and termination of staff, formal training programme for staff, annual performance appraisal and other relevant procedures in place to achieve the objective of ensuring the staff are competent to carry out their responsibilities;

- The Group performs Maintenance Survey on all the properties at least once a year to ensure all hotel premises will function efficiently and effectively; and

- The Group has in place a Whistleblowing Policy which provides a channel to employees to report in confidentiality without fear of reprisals, concerns about possible improprieties in financial reporting or other matters.

CONCLUSIONS

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of employees and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement of Risk Management and Internal Control ("statement") for inclusion in the Annual Report of the Group for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers", nor is the statement factually inaccurate. The review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 (previously Recommended Practice Guide 5) issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is made in accordance with a resolution of the Board of Directors dated 13 March 2020.

DIRECTORS' REPORT

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

Principal activities

The Company is principally engaged in all aspects of the hotel business and investment holding.

The Group is principally engaged in all aspects of the hotel business, provision of limousine services and hotel management services. Other information relating to the subsidiaries are disclosed in Note 13 to the financial statements.

Results

	Group RM	Company RM
Loss net of taxation	**(6,752,809)**	**(3,014,871)**
Attributable to:		
Equity holders of the Company	**(6,700,396)**	**(3,014,871)**
Non-controlling interests	**(52,413)**	**-**
	(6,752,809)	**(3,014,871)**

There were no material transfers to or from reserves or provisions during the financial year.

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

Dividend

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

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Eng Teong *
Tan Teck Lin *
Tan Eng How *
Tan Hwa Imm *
Wong Tow Cheong
Lee Wai Kuen
Lim Thian Loong
Tan Hwa Lian (alternate director to Tan Eng Teong) *

* Directors of the Company and its subsidiaries.

The name of the director of the Company's subsidiary in office since the beginning of the financial year to the date of this report (not including those directors listed above) is:

Lok Eng Kiat

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) 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.

The directors' benefits are as follows:

	Group RM	Company RM
Salaries and other emoluments	777,095	722,502
Defined contribution plan	102,215	95,600
Fees	155,000	155,000
Estimated money value of benefits-in-kind	91,468	91,468
Total directors' remuneration	1,125,778	1,064,570

Indemnity and insurance for directors and officers

No indemnities have been given or liability insurance effected, during or since the end of the financial year, for any person who is or has been the director or officer of the Company and its subsidiaries.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2019	Bought	Sold	As at 31.12.2019
Direct interests				
Tan Eng Teong	13,000	-	-	13,000
Tan Teck Lin	13,000	-	-	13,000
Tan Eng How	32,000	-	-	32,000
Tan Hwa Imm	80,000	-	-	80,000
Tan Hwa Lian	557,000	-	-	557,000
Indirect interests				
Tan Eng Teong	143,733,061	-	-	143,733,061
Tan Teck Lin	144,241,961	-	-	144,241,961
Tan Eng How	143,157,061	-	-	143,157,061
Tan Hwa Imm	998,900	-	-	998,900
Tan Hwa Lian	13,000	-	-	13,000

By virtue of their interests in shares in the Company, Tan Eng Teong, Tan Teck Lin, Tan Eng How, Tan Hwa Imm and Tan Hwa Lian are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

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

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company in adequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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

Subsequent event

The subsequent event is as disclosed in Note 29 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, is retiring and not seeking re-appointment at the forthcoming Annual General Meeting.

Auditors' remuneration of the Group and of the Company were RM237,000 and RM79,000 respectively, as shown in Note 6 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 March 2020.

Tan Teck Lin

Tan Eng How

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **Tan Teck Lin** and **Tan Eng How**, being two of the directors of **Grand Central Enterprises Bhd.**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 43 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 March 2020.

Tan Teck Lin **Tan Eng How**

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tan Hwa Imm**, being the director primarily responsible for the financial management of **Grand Central Enterprises Bhd.**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 43 to 89 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Tan Hwa Imm**
at Kuala Lumpur in the Federal
Territory on 13 March 2020

Tan Hwa Imm

Before me,

YM Tengku Fariddudin Bin Tengku Sulaiman (W533)
Commissioner for Oaths

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Grand Central Enterprises Bhd., which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 89.

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

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment Assessment of Hotel Properties

The Group's and the Company's hotel properties amounting to RM164,704,861 and RM80,390,006 respectively are as disclosed in *Note 12: Property, plant and equipment* to the financial statements, which represent approximately 70% of the Group's and 38% of the Company's total assets. The directors have identified the hotel properties with declining financial performance for the purposes of impairment assessment. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Accordingly, the Group and the Company determined the recoverable amounts of its hotel properties based on fair value less costs to sell in accordance with *MFRS 136 Impairment of Assets*. In assessing the fair value of the hotel properties, the Group and the Company engaged independent valuers.

We identified the valuation of the Group's and of the Company's hotel properties as a key audit matter because of the significance of the hotel properties to the consolidated and separate financial statements, and the significant judgement and estimates involved in the determination of the recoverable amounts of the hotel properties.

Impairment Assessment of Hotel Properties (cont'd.)

As part of our audit, we performed the following:

i. Assessed the competence, capabilities, independence and objectivity of the valuers;

ii. Obtained an understanding of the methodology adopted by the valuers in determining the fair values of the hotel properties and assessed whether such methodology is consistent with those used in the industry;

iii. Discussed the basis and assumptions used in the valuations with the valuers to obtain an understanding of the hotel properties data used as input to the comparison method of valuation; and

iv. Evaluated the reasonableness of the hotel properties data used by benchmarking against available market information and comparable transactions registered with local authorities.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Loke Siew Heng
No. 02871/07/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 March 2020

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	4	**23,548,920**	23,174,913	**6,155,184**	6,356,179
Changes in inventories		**137,433**	(19,311)	**63,304**	(12,571)
Purchase of inventories		**(2,444,184)**	(2,347,394)	**(638,361)**	(699,327)
Other income		**2,280,405**	2,471,894	**3,467,412**	4,523,977
Staff costs	5	**(11,558,055)**	(11,408,625)	**(4,560,777)**	(4,361,469)
Depreciation		**(7,216,790)**	(6,639,800)	**(3,676,052)**	(3,430,807)
Other expenses		**(12,539,330)**	(11,641,221)	**(4,487,209)**	(4,227,449)
Operating loss	6	**(7,791,601)**	(6,409,544)	**(3,676,499)**	(1,851,467)
Finance costs	8	**(4,306)**	(5,162)	**-**	-
Loss before taxation		**(7,795,907)**	(6,414,706)	**(3,676,499)**	(1,851,467)
Taxation	9	**1,043,098**	1,074,150	**661,628**	691,682
Loss net of taxation, representing total comprehensive loss for the year		**(6,752,809)**	(5,340,556)	**(3,014,871)**	(1,159,785)
Attributable to:					
Equity holders of the Company		**(6,700,396)**	(5,380,003)	**(3,014,871)**	(1,159,785)
Non-controlling interests		**(52,413)**	39,447	**-**	-
		(6,752,809)	(5,340,556)	**(3,014,871)**	(1,159,785)
Loss per share attributable to equity holders of the Company (sen per share):					
Basic	10	**(3.4)**	(2.7)		
Diluted	10	**(3.4)**	(2.7)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Assets					
Non-current assets					
Property, plant and equipment	12	**176,239,355**	180,938,499	**86,919,623**	88,941,612
Investment in subsidiaries	13	**-**	-	**66,485,458**	66,485,458
		176,239,355	180,938,499	**153,405,081**	155,427,070
Current assets					
Inventories	14	**501,145**	363,712	**137,227**	73,923
Trade receivables	15	**1,424,574**	1,074,879	**692,267**	640,804
Other receivables	16	**2,172,034**	2,006,252	**5,921,310**	3,335,532
Tax recoverable		**110**	63,324	**-**	-
Cash and bank balances	17	**54,856,610**	58,588,443	**50,534,107**	55,158,092
		58,954,473	62,096,610	**57,284,911**	59,208,351
Total assets		**235,193,828**	243,035,109	**210,689,992**	214,635,421
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	18	**199,396,693**	199,396,693	**199,396,693**	199,396,693
Retained earnings/(accumulated losses)		**14,070,699**	20,771,095	**(3,946,674)**	(931,803)
Shareholders' equity		**213,467,392**	220,167,788	**195,450,019**	198,464,890
Non-controlling interests		**1,684,812**	1,737,225	**-**	-
Total equity		**215,152,204**	221,905,013	**195,450,019**	198,464,890
Non-current liabilities					
Hire purchase payable	19	**17,288**	47,482	**-**	-
Deferred tax liabilities	20	**14,663,466**	15,754,322	**12,897,008**	13,611,994
		14,680,754	15,801,804	**12,897,008**	13,611,994
Current liabilities					
Hire purchase payable	19	**32,841**	33,701	**-**	-
Trade payables	21	**1,211,085**	968,367	**166,393**	157,712
Other payables	22	**3,754,589**	3,825,934	**1,834,590**	1,900,535
Tax payable		**362,355**	500,290	**341,982**	500,290
		5,360,870	5,328,292	**2,342,965**	2,558,537
Total liabilities		**20,041,624**	21,130,096	**15,239,973**	16,170,531
Total equity and liabilities		**235,193,828**	243,035,109	**210,689,992**	214,635,421

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 31 December 2019

Group

	Share capital RM (Note 18)	Distributable retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Opening balance at 1 January 2019	**199,396,693**	**20,771,095**	**220,167,788**	**1,737,225**	**221,905,013**
Total comprehensive loss	**-**	**(6,700,396)**	**(6,700,396)**	**(52,413)**	**(6,752,809)**
Closing balance at 31 December 2019	**199,396,693**	**14,070,699**	**213,467,392**	**1,684,812**	**215,152,204**
Opening balance at 1 January 2018	199,396,693	31,060,364	230,457,057	1,854,080	232,311,137
Effect of early adoption of IC Interpretation 23	-	(439,226)	(439,226)	(6,302)	(445,528)
	199,396,693	30,621,138	230,017,831	1,847,778	231,865,609
Total comprehensive loss	-	(5,380,003)	(5,380,003)	39,447	(5,340,556)
Effect of change in tax rate on revaluation surplus previously transferred to retained earnings (Note 20)	-	(530,000)	(530,000)	-	(530,000)
Dividend (Note 11)	-	(3,940,040)	(3,940,040)	-	(3,940,040)
Dividend paid to non-controlling interests	-	-	-	(150,000)	(150,000)
Closing balance at 31 December 2018	199,396,693	20,771,095	220,167,778	1,737,225	221,905,013

Company

	Share capital RM (Note 18)	(Accumulated losses)/ distributable retained earnings RM	Total RM
Opening balance at 1 January 2019	**199,396,693**	**(931,803)**	**198,464,890**
Total comprehensive loss	**-**	**(3,014,871)**	**(3,014,871)**
Closing balance at 31 December 2019	**199,396,693**	**(3,946,674)**	**195,450,019**
Opening balance at 1 January 2018	199,396,693	5,103,059	204,499,752
Effect of early adoption of IC Interpretation 23	-	(405,037)	(405,037)
	199,396,693	4,698,022	204,094,715
Total comprehensive loss	-	(1,159,785)	(1,159,785)
Effect of change in tax rate on revaluation surplus previously transferred to retained earnings (Note 20)	-	(530,000)	(530,000)
Dividend (Note 11)	-	(3,940,040)	(3,940,040)
Closing balance at 31 December 2018	199,396,693	(931,803)	198,464,890

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2019

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities				
Loss before taxation	**(7,795,907)**	(6,414,706)	**(3,676,499)**	(1,851,467)
Adjustments for:				
Depreciation	**7,216,790**	6,639,800	**3,676,052**	3,430,807
Inventories written off	**2,113**	-	**1,760**	-
Reversal of allowance for impairment of trade receivable	**(8,788)**	-	**-**	-
Allowance for impairment of trade receivable	**55,732**	8,788	**53,614**	-
Allowance for impairment of other receivable	**20,160**	-	**20,160**	-
Property, plant and equipment written off	**6,422**	2,463	**-**	-
(Reversal of)/provision for short-term accumulating compensated absences	**(8,365)**	(16,501)	**13,318**	(20,723)
Gain on disposal of property, plant and equipment	**-**	(24,800)	**-**	-
Dividend income	**-**	-	**-**	(950,000)
Interest income	**(2,047,374)**	(2,198,210)	**(2,047,374)**	(2,198,210)
Interest expense	**4,306**	5,162	**-**	-
Impairment loss for:				
- Investment in subsidiaries	**-**	-	**-**	94,647
- Due from subsidiaries	**-**	-	**15,720**	45,776
Operating loss before working capital changes	**(2,554,911)**	(1,998,004)	**(1,943,249)**	(1,449,170)
(Increase)/decrease in receivables	**(316,445)**	461,799	**(2,460,599)**	(1,030,936)
(Increase)/decrease in inventories	**(139,546)**	19,311	**(65,064)**	12,571
Increase/(decrease) in payables	**179,738**	377,365	**(70,582)**	335,629
Cash used in operations	**(2,831,164)**	(1,139,529)	**(4,539,494)**	(2,131,906)
Interest paid	**(4,306)**	(5,162)	**-**	-
Net income taxes paid	**(122,479)**	(181,197)	**(211,666)**	(333,079)
Net cash used in operating activities	**(2,957,949)**	(1,325,888)	**(4,751,160)**	(2,464,985)
Cash flows from investing activities				
Interest received	**1,781,238**	2,558,647	**1,781,238**	2,558,647
Withdrawal of deposits with licensed banks	**1,334,889**	6,386,586	**1,334,889**	6,386,586
Purchase of property, plant and equipment	**(2,524,068)**	(1,510,035)	**(1,654,063)**	(1,130,295)
Proceeds from disposal of property, plant and equipment	**-**	24,800	**-**	-
Dividend received from a subsidiary	**-**	-	**-**	950,000
Acquisition of additional interest in a subsidiary	**-**	-	**-**	(94,647)
Net cash generated from investing activities	**592,059**	7,459,998	**1,462,064**	8,670,291

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Cash flows from financing activities				
Dividend paid to equity holders of the Company	**-**	(3,940,040)	**-**	(3,940,040)
Dividend paid to non-controlling interests	**-**	(150,000)	**-**	-
Repayment of hire purchase payable	**(31,054)**	(54,782)	**-**	-
Net cash used in financing activities	**(31,054)**	(4,144,822)	**-**	(3,940,040)
Net (decrease)/increase in cash and cash equivalents	**(2,396,944)**	1,989,288	**(3,289,096)**	2,265,266
Cash and cash equivalents at beginning of year	**8,925,669**	6,936,381	**5,495,318**	3,230,052
Cash and cash equivalents at end of year (Note 17)	**6,528,725**	8,925,669	**2,206,222**	5,495,318

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at 10th Floor, Hotel Grand Continental, Jalan Belia/Jalan Raja Laut, 50350 Kuala Lumpur.

The Company is principally engaged in all aspects of the hotel business and investment holding. The Group is principally engaged in all aspects of the hotel business, provision of limousine services and hotel management services. Other information relating to the subsidiaries are disclosed in Note 13.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 March 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and of the Company.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations.

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
Annual Improvements to MFRSs 2015-2017 Cycle

The adoption of the above new and amended standards and interpretation did not have any effect on the financial performance or position of the Group and of the Company other than as set out below:

MFRS 16 Leases

MFRS 16 Leases supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease,* IC Interpretation 115 *Operating Leases-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

Lease previously classified as finance lease

The Group did not change the initial carrying amount of recognised asset and liability at the date of initial application for lease previously classified as finance lease (i.e., the right-of-use asset and lease liability equal the lease asset and liability recognised under MFRS 117), which was included under "Property, plant and equipment" and "Hire purchase payable" respectively. The requirements of MFRS 16 were applied to the lease from 1 January 2019.

Leases previously accounted for as operating leases

The Group and the Company applied the following practical expedients when applying MFRS 16 to leases previously accounted for as operating leases under MFRS 117:

- applied the short-term leases exemptions not to recognise right-of-use assets and liabilities for leases with lease term that ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group and the Company have performed impact assessment and have concluded that the adoption of MFRS 16 does not have a significant impact to the financial statements.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2020

MFRS 3 Definition of a Business (Amendments to MFRS 3)
MFRS 101 and MFRS 108 Definition of Material (Amendments to MFRS 101 and MFRS 108)
MFRS 7 and MFRS 9 Interest Rate Benchmark Reform (Amendments to MFRS 7 and MFRS 9)
Amendments to References to the Conceptual Framework in MFRS Standards

2. Summary of significant accounting policies (cont'd.)

2.3 Standards and interpretations issued but not yet effective (cont'd.)

Effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

Deferred

MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

When the Company loses control of a subsidiary, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss.

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Subsidiaries

A subsidiary is an entity over which the Company controls and the policy to determine the criteria for control is in accordance with Note 2.4.

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

2.6 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.8.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is amortised over its remaining lease term of 770 years. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment and depreciation (cont'd.)

Hotel buildings	2%
Other assets*	10% - 33%
Crockeries, kitchenware and linen	10% - 33%
Motor vehicles	20%

* Other assets comprise equipment, furniture, fixtures, fitting, renovation and computers.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

In determining fair value less costs to sell, the market approach in accordance with *MFRS 13 Fair Value Measurement* is used. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Summary of significant accounting policies (cont'd.)

2.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value. In the case of a financial instrument not at fair value through profit or loss, to also include any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

Reclassification and subsequent measurement

(i) Financial assets

Financial assets are classified as measured at: amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition and are not subsequently reclassified unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as at fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income and foreign exchange gains and losses are recognised in profit or loss. All financial assets are subject to impairment.

(ii) Financial liabilities

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iii) Offsetting of financial instruments

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

2. Summary of significant accounting policies (cont'd.)

2.9 Financial instruments (cont'd.)

Reclassification and subsequent measurement (cont'd.)

(iv) Amortised cost of financial instruments

Amortised cost is computed using the effective interest rate method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

(v) Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss, except for equity investments at fair value through other comprehensive income where the gain or loss are recognised in other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

2.10 Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables are measured at an amount equal to either lifetime expected credit loss or 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd.)

2.10 Impairment of financial assets (cont'd.)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs comprise costs of purchase. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.13 Provisions

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

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

2.14 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as a liability 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. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(ii) Defined contribution plans

The companies in the Group make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.15 Leases

The Group and the Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of significant accounting policies (cont'd.)

2.15 Leases (cont'd.)

(i) As lessee

Current financial year

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are subject to impairment as disclosed in Note 2.8.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Summary of significant accounting policies (cont'd.)

2.15 Leases (cont'd.)

(i) As lessee (cont'd.)

Current financial year (cont'd.)

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Previous financial year

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

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

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

2. Summary of significant accounting policies (cont'd.)

2.15 Leases (cont'd.)

(i) As lessee (cont'd.)

Previous financial year (cont'd.)

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 statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the entity'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 consistent with that for depreciable property, plant and equipment as described in Note 2.7.

Long term leasehold land is amortised over 783 years.

(ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.16(a).

2.16 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when or as it transfers control over a good or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(ii) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above criteria, an entity satisfies the performance obligation and recognises revenue at a point in time.

2. Summary of significant accounting policies (cont'd.)

2.16 Revenue recognition (cont'd.)

(a) Revenue from hotel business

Revenue from hotel business is recognised at the point in time at which the customer obtains control of the promised goods or services.

(b) Rental income on hotel premises

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

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.17 Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit and loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd.)

2.17 Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Foreign currency

(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 RM, which is also the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are initially recorded in RM at rates of exchange ruling at the date of the transaction. At each reporting date, foreign currency monetary items are translated into RM at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs are translated using the historical rate as of the date of acquisition. All exchange rate differences are taken to the profit or loss for that year.

2. Summary of significant accounting policies (cont'd.)

2.19 Affiliated companies

Affiliated companies refer to the Company's substantial corporate shareholders and directors' related company.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Summary of significant accounting policies (cont'd.)

2.22 Sales and Services Tax ("SST")

Revenue is recognised net of SST charged to customers. Expenses and assets are recognised inclusive of SST. The amount payable to taxation authority is included as other payables in the statement of financial position.

2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest that the Group and the Company incurred in connection with the borrowing of funds.

3. Significant accounting judgement and estimates

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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:

(a) Impairment assessment of hotel properties

The directors undertake an impairment review annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment assessment of hotel properties include the following:

- Significant underperformance relative to historical or projected future operating results;
- Significant changes in the strategy for the overall business; and
- Significant negative industry or economic trends.

The Group and the Company determined the recoverable amounts of their hotel properties based on higher of fair value less costs of disposal and value in use in accordance with *MFRS 136 Impairment of Assets*. The Group and the Company engaged independent valuers to assess the fair value of hotel properties.

Based on the estimates and judgements applied, the directors do not believe that impairment of the property, plant and equipment is necessary at this juncture. The carrying amount of the Group's and the Company's property, plant and equipment at the reporting date is disclosed in Note 12.

3. Significant accounting judgement and estimates (cont'd.)

(b) Useful lives of other property, plant and equipment

- **Buildings**

Buildings are depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these buildings to be 50 years. The carrying amount of buildings of the Group and of the Company at 31 December 2019 was RM145,664,623 (2018: RM149,839,715) and RM71,890,006 (2018: RM74,015,795) respectively, as disclosed in Note 12. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets; therefore, future depreciation charges could be revised. A 5% difference in the expected useful lives of the buildings from directors' estimates would result in RM208,754 (2018: RM208,754) and RM106,289 (2018: RM106,289) variance in the Group's and the Company's loss for the year.

- **Plant and equipment (other than buildings)**

The cost of plant and equipment (other than buildings) is depreciated on a straight-line basis over the assets' estimated economic useful lives. The directors estimate the useful lives of these plant and equipment to be within 3 to 10 years. These are common life expectancies applied for the plant and equipment. The directors review the residual values, useful lives and depreciation methods at each reporting date and ensure consistency with previous estimates and patterns of consumption of the economic benefits that are embodied in these assets.

During the financial year, the Group and the Company conducted a review of the useful lives of these assets. The Group and the Company revised the estimated useful lives of crockeries, kitchenware and linen from 10 years to 3 to 10 years, to better reflect the useful lives of crockeries, kitchenware and linen. The revision in estimates has been applied on a prospective basis from 1 January 2019 and the effect of the revision on depreciation charge in current period is an increase in the Group's and the Company's depreciation expenses of RM482,533 and RM172,694 respectively. The increase in depreciation expenses in subsequent periods is not material.

The carrying amount of the Group's and of the Company's plant and equipment at the reporting date is disclosed in Note 12. A 5% difference in the expected useful lives of these assets from directors' estimates would result in RM151,772 (2018: RM122,923) and RM77,513 (2018: RM65,251) variance in the depreciation expenses and plant and equipment of the Group and the Company respectively.

(c) Impairment of investment in subsidiaries

The Company recognised impairment losses in respect of its investment in subsidiaries, based on the assessment of fair value of its respective assets or the estimation of value in use ("VIU") of the CGUs. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 13.

4. Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from hotel business:				
- Rental of hotel rooms and service apartments	**14,042,685**	14,192,038	**3,711,037**	3,746,343
- Sales of food and beverage	**7,930,493**	7,167,132	**1,911,799**	1,949,860
- Other related income	**309,076**	329,114	**58,157**	38,384
Revenue from other sources:				
- Rental of hotel premises	**1,266,666**	1,486,629	**474,191**	621,592
	23,548,920	23,174,913	**6,155,184**	6,356,179
Timing of recognition:				
- Services rendered and goods transferred at a point in time	**22,282,254**	21,688,284	**5,680,993**	5,734,587
- Services rendered over time	**1,266,666**	1,486,629	**474,191**	621,592
	23,548,920	23,174,913	**6,155,184**	6,356,179

5. Staff costs

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Wages and salaries	**8,487,550**	8,485,620	**2,694,969**	2,661,737
Employee Provident Fund ("EPF")	**1,015,818**	1,034,601	**306,926**	319,040
Social security costs	**129,942**	131,439	**28,235**	29,223
(Reversal of)/provision for short-term accumulating compensated absences	**(8,365)**	(16,501)	**13,318**	(20,723)
Other staff related expenses	**1,933,110**	1,773,466	**1,517,329**	1,372,192
	11,558,055	11,408,625	**4,560,777**	4,361,469

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM879,310 (2018: RM888,115) and RM818,102 (2018: RM826,502) respectively as further disclosed in Note 7.

6. Operating loss

Operating loss is stated after charging/(crediting):

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Auditors' remuneration				
Statutory audit	**232,000**	232,000	**74,000**	74,000
Other services	**5,000**	5,000	**5,000**	5,000
Realised (gain)/loss on foreign exchange	**(96)**	(3,688)	**96**	(2,533)
Interest income	**(2,047,374)**	(2,198,210)	**(2,047,374)**	(2,198,210)
Gain on disposal of property, plant and equipment	**-**	(24,800)	**-**	-
Property, plant and equipment written off	**6,422**	2,463	**-**	-
Allowance for impairment of trade receivable (Note 15)	**55,732**	8,788	**53,614**	-
Allowance for impairment of other receivable (Note 16)	**20,160**	-	**20,160**	-
Reversal of allowance for impairment of trade receivable	**(8,788)**	-	**-**	-
Impaiment loss for:				
- Investment in subsidiaries (Note 13)	**-**	-	**-**	94,647
- Due from subsidiaries (Note 16)	**-**	-	**15,720**	45,776
Inventories written off	**2,113**	-	**1,760**	-

7. Directors' remuneration

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Executive:				
Salaries and other emoluments	**777,095**	785,495	**722,502**	730,902
EPF	**102,215**	102,620	**95,600**	95,600
Total executive directors' remuneration included in staff costs	**879,310**	888,115	**818,102**	826,502
Fees	**110,000**	110,000	**110,000**	110,000
Total executive directors' remuneration (excluding benefits-in-kind)	**989,310**	998,115	**928,102**	936,502
Estimated money value of benefits-in-kind	**91,468**	81,926	**91,468**	81,926
Total executive directors' remuneration (including benefits-in-kind)	**1,080,778**	1,080,041	**1,019,570**	1,018,428

7. Directors' remuneration (cont'd.)

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-executive:				
Fees, representing total non-executive directors' remuneration	**45,000**	45,000	**45,000**	45,000
Total directors' fees	**155,000**	155,000	**155,000**	155,000
Total directors' remuneration	**1,125,778**	1,125,041	**1,064,570**	**1,063,428**

8. Finance costs

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Hire purchase payable interests	**4,306**	5,162	**-**	-

9. Taxation

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Current income tax:				
Malaysian income tax	**104,477**	266,227	**104,477**	239,704
(Over)/under provision of prior years	**(56,719)**	45,507	**(51,119)**	45,507
	47,758	311,734	**53,358**	285,211
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	**(1,160,557)**	(935,459)	**(714,986)**	(743,300)
Under/(over) provision of prior years	**69,701**	(450,425)	**-**	(233,593)
	(1,090,856)	(1,385,884)	**(714,986)**	(976,893)
Taxation	**(1,043,098)**	(1,074,150)	**(661,628)**	(691,682)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

9. Taxation (cont'd.)

A reconciliation of taxation applicable to loss before taxation at the statutory income tax rate to taxation at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Loss before taxation	**(7,795,907)**	(6,414,706)	**(3,676,499)**	(1,851,467)
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	**(1,871,018)**	(1,539,529)	**(882,360)**	(444,352)
Income not subject to taxation	**2,109**	-	**-**	(228,000)
Effect of revenue expenditures capitalised	**-**	(3,951)	**-**	(3,627)
Effect of expenses not deductible for tax purposes	**534,783**	348,649	**271,851**	172,383
Deferred tax assets not recognised during the year	**278,046**	525,599	**-**	-
Under/(over) provision of deferred tax in prior years	**69,701**	(450,425)	**-**	(233,593)
(Over)/under provision of income tax in prior years	**(56,719)**	45,507	**(51,119)**	45,507
Taxation	**(1,043,098)**	(1,074,150)	**(661,628)**	(691,682)

10. Loss per share

(a) Basic

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

	Group	
	2019	**2018**
Loss attributable to equity holders of the Company (RM)	**(6,700,396)**	(5,380,003)
Weighted average number of ordinary shares in issue	**197,002,000**	197,002,000
Basic loss per share (sen)	**(3.4)**	(2.7)

(b) Diluted

There was no dilution effect on loss per share for the current financial year.

11. Dividends

	Group and Company	
	2019	**2018**
	RM	**RM**
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim tax exempt (single-tier) dividend for 2018: RM0.02 per share	**-**	3,940,040

12. Property, plant and equipment

Group	Freehold land and buildings* RM	Leasehold land* RM	Other assets RM	Crockeries, kitchenware and linen RM	Motor vehicles RM	Total RM
At 31 December 2019						
Cost						
At 1 January 2019	222,194,523	4,881,569	52,139,118	7,731,786	2,122,447	289,069,443
Additions	-	-	2,406,448	117,620	-	2,524,068
Written off	-	-	(83,216)	(60)	-	(83,276)
At 31 December 2019	222,194,523	4,881,569	54,462,350	7,849,346	2,122,447	291,510,235
Accumulated depreciation and impairment losses						
At 1 January 2019	58,125,046	64,844	41,341,031	6,698,426	1,901,597	108,130,944
Charge for the year	4,175,092	6,249	2,262,781	702,590	70,078	7,216,790
Written off	-	-	(76,794)	(60)	-	(76,854)
At 31 December 2019	62,300,138	71,093	43,527,018	7,400,956	1,971,675	115,270,880
Net carrying amount						
At 31 December 2019	159,894,385	4,810,476	10,935,332	448,390	150,772	176,239,355

The cash outflow on additions of property, plant and equipment amounted to RM2,524,068 (2018: RM1,510,035). In the previous financial year, the Group acquired motor vehicle with an aggregated cost of RM95,000 by means of hire purchase arrangement.

* Freehold land and buildings and leasehold land are collectively known as hotel properties.

12. Property, plant and equipment (cont'd.)

Group (cont'd.)	Freehold land and buildings* RM	Leasehold land* RM	Other assets RM	Crockeries, kitchenware and linen RM	Motor vehicles RM	Total RM
At 31 December 2018						
Cost						
At 1 January 2018	222,194,523	4,881,569	50,770,696	7,705,253	2,150,150	287,702,191
Additions	-	-	1,418,476	26,533	160,026	1,605,035
Disposals	-	-	(6,435)	-	(187,729)	(194,164)
Written off	-	-	(43,619)	-	-	(43,619)
At 31 December 2018	222,194,523	4,881,569	52,139,118	7,731,786	2,122,447	289,069,443
Accumulated depreciation and impairment losses						
At 1 January 2018	53,949,954	58,595	39,170,341	6,515,254	2,032,320	101,726,464
Charge for the year	4,175,092	6,249	2,218,281	183,172	57,006	6,639,800
Disposals	-	-	(6,435)	-	(187,729)	(194,164)
Written off	-	-	(41,156)	-	-	(41,156)
At 31 December 2018	58,125,046	64,844	41,341,031	6,698,426	1,901,597	108,130,944
Net carrying amount						
At 31 December 2018	164,069,477	4,816,725	10,798,087	1,033,360	220,850	180,938,499

12. Property, plant and equipment (cont'd.)

	Freehold land and buildings* RM	Other assets RM	Crockeries, kitchenware and linen RM	Motor vehicles RM	Total RM
Company					
At 31 December 2019					
Cost					
At 1 January 2019	114,000,000	21,544,817	1,517,237	1,163,830	138,225,884
Additions	-	1,633,485	20,578	-	1,654,063
At 31 December 2019	114,000,000	23,178,302	1,537,815	1,163,830	139,879,947
Accumulated depreciation and impairment losses					
At 1 January 2019	31,484,205	15,498,011	1,138,226	1,163,830	49,284,272
Charge for the year	2,125,789	1,318,839	231,424	-	3,676,052
At 31 December 2019	33,609,994	16,816,850	1,369,650	1,163,830	52,960,324
Net carrying amount					
At 31 December 2019	80,390,006	6,361,452	168,165	-	86,919,623

12. Property, plant and equipment (cont'd.)

	Freehold land and buildings* RM	Other assets RM	Crockeries, kitchenware and linen RM	Motor vehicles RM	Total RM
Company (cont'd.)					
At 31 December 2018					
Cost					
At 1 January 2018	114,000,000	20,468,361	1,502,125	1,163,830	137,134,316
Additions	-	1,115,183	15,112	-	1,130,295
Written off	-	(38,727)	-	-	(38,727)
At 31 December 2018	114,000,000	21,544,817	1,517,237	1,163,830	138,225,884
Accumulated depreciation and impairment losses					
At 1 January 2018	29,358,416	14,315,077	1,054,869	1,163,830	45,892,192
Charge for the year	2,125,789	1,221,661	83,357	-	3,430,807
Written off	-	(38,727)	-	-	(38,727)
At 31 December 2018	31,484,205	15,498,011	1,138,226	1,163,830	49,284,272
Net carrying amount					
At 31 December 2018	82,515,795	6,046,806	379,011	-	88,941,612

12. Property, plant and equipment (cont'd.)

* Freehold land and buildings and leasehold land are collectively know as hotel properties.

	Freehold land RM	Buildings RM	Leasehold land RM	Total RM
Group				
At 31 December 2019				
Cost				
At 1 January 2019/31 December 2019	**14,229,762**	**207,964,761**	**4,881,569**	**227,076,092**
Accumulated depreciation				
At 1 January 2019	**-**	**58,125,046**	**64,844**	**58,189,890**
Charge for the year	**-**	**4,175,092**	**6,249**	**4,181,341**
At 31 December 2019	**-**	**62,300,138**	**71,093**	**62,371,231**
Net carrying amount				
At 31 December 2019	**14,229,762**	**145,664,623**	**4,810,476**	**164,704,861**
At 31 December 2018				
Cost				
At 1 January 2018/31 December 2018	14,229,762	207,964,761	4,881,569	227,076,092
Accumulated depreciation				
At 1 January 2018	-	53,949,954	58,595	54,008,549
Charge for the year	-	4,175,092	6,249	4,181,341
At 31 December 2018	-	58,125,046	64,844	58,189,890
Net carrying amount				
At 31 December 2018	14,229,762	149,839,715	4,816,725	168,886,202

12. Property, plant and equipment (cont'd.)

* Freehold land and buildings and leasehold land are collectively know as hotel properties. (cont'd.)

	Freehold land RM	Buildings RM	Total RM
Company			
At 31 December 2019			
Cost			
At 1 January 2019/31 December 2019	**8,500,000**	**105,500,000**	**114,000,000**
Accumulated depreciation			
At 1 January 2019	**-**	**31,484,205**	**31,484,205**
Charge for the year	**-**	**2,125,789**	**2,125,789**
At 31 December 2019	**-**	**33,609,994**	**33,609,994**
Net carrying amount			
At 31 December 2019	**8,500,000**	**71,890,006**	**80,390,006**
At 31 December 2018			
Cost			
At 1 January 2018/31 December 2018	8,500,000	105,500,000	114,000,000
Accumulated depreciation			
At 1 January 2018	-	29,358,416	29,358,416
Charge for the year	-	2,125,789	2,125,789
At 31 December 2018	-	31,484,205	31,484,205
Net carrying amount			
At 31 December 2018	8,500,000	74,015,795	82,515,795

Included in property, plant and equipment of the Group are motor vehicles held under hire purchase arrangement with net book values amounting to RM97,051 (2018: RM204,540).

13. Investment in subsidiaries

	Company 2019 RM	Company 2018 RM
Unquoted shares, at cost	**67,364,783**	67,364,783
Less: Impairment loss for investment in subsidiaries	**(879,325)**	(879,325)
	66,485,458	66,485,458

Movement in impairment losses:

	Company 2019 RM	Company 2018 RM
At 1 January	**(879,325)**	(784,678)
Add: Impairment loss for investment in subsidiaries (Note 6)	**-**	(94,647)
At 31 December	**(879,325)**	(879,325)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Company	Equity interest 2019 %	Equity interest 2018 %	Principal activities
Grand Island Hotel (Langkawi) Sdn. Bhd.	**86.36**	86.36	Hotelier
Grand Central Enterprises (Pahang) Sdn. Bhd.	**100.00**	100.00	Hotelier
Grand Central Enterprises (Trengganu) Sdn. Bhd.	**100.00**	100.00	Hotelier
Grand Central Enterprises (Sarawak) Sdn. Bhd.	**100.00**	100.00	Hotelier
Grand Central Trans-Services Sdn. Bhd.	**100.00**	100.00	Provision of limousine services and online reservation services
* Hotel Grand Olympic (M) Sdn. Bhd.	**100.00**	100.00	Under member's voluntary liquidation

* The subsidiary company had commenced member's voluntary winding up process since the previous financial years.

Equity interest held by non-controlling interests in a subsidiary is provided below:

	Grand Island Hotel (Langkawi) Sdn. Bhd. 2019	Grand Island Hotel (Langkawi) Sdn. Bhd. 2018
Non-controlling interests	**13.64%**	13.64%

13. Investment in subsidiaries (cont'd.)

The summarised financial information relating to the subsidiary above is provided below. This information is based on amounts before inter-company eliminations.

	2019 RM	2018 RM
(i) Summarised statement of financial position		
Non-current assets	**12,674,523**	13,089,742
Current assets	**1,172,570**	1,223,781
Total assets	**13,847,093**	14,313,523
Non-current liabilities	**883,004**	930,674
Current liabilities	**605,638**	640,023
Total liabilities	**1,488,642**	1,570,697
Equity attributable to owners of the parent	**10,673,639**	11,005,601
Equity attributable to non-controlling interests	**1,684,812**	1,737,225
Total equity	**12,358,451**	12,742,826
(ii) Summarised statement of comprehensive income		
Revenue	**2,652,005**	3,596,995
(Loss)/profit for the year, representing total comprehensive (loss)/income	**(384,375)**	289,283
(Loss)/profit attributable to owners of the parent	**(331,962)**	249,836
(Loss)/profit attributable to non-controlling interests	**(52,413)**	39,447
(iii) Summarised cash flows information		
Cash flow generated from/(used in):		
Operating activities	**203,858**	814,310
Investing activities	**(162,467)**	(44,521)
Financing activities	**-**	(1,100,000)
Net increase/(decrease) in cash and cash equivalents	**41,391**	(330,211)

14. Inventories

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At cost:				
Food and beverages	**139,055**	135,680	**45,247**	24,592
Consumables	**362,090**	228,032	**91,980**	49,331
	501,145	363,712	**137,227**	73,923

The cost of inventories recognised as an expense during the financial year in the Group and in the Company amounted to RM2,306,751 (2018: RM2,366,705) and RM575,057 (2018: RM711,898), respectively.

15. Trade receivables

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Third parties	**1,480,306**	1,083,667	**745,881**	640,804
Less: Allowance for impairment	**(55,732)**	(8,788)	**(53,614)**	-
Trade receivables, net	**1,424,574**	1,074,879	**692,267**	640,804

The Group's and the Company's normal trade credit terms are 30 to 90 (2018: 30 to 90) days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other information on financial risks of trade receivable are disclosed in Note 26(c).

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

	Group 2019 RM	Group 2018 RM
Neither past due nor impaired	**521,465**	588,186
1 to 30 days past due not impaired	**551,937**	154,775
31 to 60 days past due not impaired	**134,187**	158,159
61 to 90 days past due not impaired	**6,777**	23,783
More than 90 days past due not impaired	**210,208**	149,976
	903,109	486,693
Impaired	**55,732**	8,788
	1,480,306	1,083,667

	Company 2019 RM	Company 2018 RM
Neither past due nor impaired	**346,846**	429,695
1 to 30 days past due not impaired	**140,649**	775
31 to 60 days past due not impaired	**103,002**	98,421
61 to 90 days past due not impaired	**4,180**	11,115
More than 90 days past due not impaired	**97,590**	100,798
	345,421	211,109
Impaired	**53,614**	-
	745,881	640,804

Trade receivables that are neither past due nor impaired

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

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

15. Trade receivables (cont'd.)

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounted to RM903,109 (2018: RM486,693) and RM345,421 (2018: RM211,109) respectively, that are past due at the reporting date but not impaired. These relate to customers that have a good track record with the Group and the Company. Based on past experience, the directors of the Group and of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The receivables that are past due but not impaired are unsecured in nature.

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Trade receivables - Nominal amounts	**55,732**	8,788	**53,614**	-
Less: Allowance for impairment	**(55,732)**	(8,788)	**(53,614)**	-
	-	-	**-**	-
Movement in allowance accounts:				
At 1 January	**8,788**	-	**-**	-
Reversal during the year	**(8,788)**	-	**-**	-
Charge for the year (Note 6)	**55,732**	8,788	**53,614**	-
At 31 December	**55,732**	8,788	**53,614**	-

Trade receivables that are individually determined to be impaired at the reporting date relate to balances that are in dispute. These receivables are not secured by any collateral or credit enhancements.

16. Other receivables

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Due from affiliated companies	**299,708**	151,594	**290,712**	145,792
Due from subsidiaries	**-**	-	**4,331,861**	1,835,909
Deposits	**164,041**	190,494	**70,075**	86,750
Prepayments	**282,057**	579,895	**137,908**	403,271
Rental receivables	**248,929**	77,380	**78,990**	77,380
Interest receivables	**1,052,074**	785,938	**1,052,074**	785,938
Sundry receivables	**145,385**	220,951	**41,346**	46,268
	2,192,194	2,006,252	**6,002,966**	3,381,308
Less: Allowance for impairment	**(20,160)**	-	**(81,656)**	(45,776)
	2,172,034	2,006,252	**5,921,310**	3,335,532

The amounts due from affiliated companies and subsidiaries of the Group and of the Company are non-trade, unsecured, interest-free and repayable on demand.

16. Other receivables (cont'd.)

Receivable balances (including amounts due from subsidiaries and affiliated companies) which are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

At the reporting date, the Company's amounts due from subsidiaries amounting to RM61,496 (2018: RM45,776) has been impaired as these relate to unsecured advances to a subsidiary, Grand Central Trans-Services Sdn. Bhd., which has been suffering financial losses for the current and past two financial years.

Other information on financial risks of other receivables are disclosed in Note 26(c).

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other receivables - Nominal amounts	**20,160**	-	**81,656**	45,776
Less: Allowance for impairment	**(20,160)**	-	**(81,656)**	(45,776)
	-	-	**-**	-
Movement in allowance accounts:				
At 1 January	**-**	-	**45,776**	-
Charge for the year (Note 6)	**20,160**	-	**35,880**	45,776
At 31 December	**20,160**	-	**81,656**	45,776

17. Cash and bank balances

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Cash on hand and at banks	**5,756,084**	4,688,799	**1,433,581**	1,258,448
Deposits with licensed banks	**49,100,526**	53,899,644	**49,100,526**	53,899,644
Cash and bank balances	**54,856,610**	58,588,443	**50,534,107**	55,158,092
Add: Trade receivables (Note 15)	**1,424,574**	1,074,879	**692,267**	640,804
Other receivables, excluding prepayments	**1,889,977**	1,426,357	**5,783,402**	2,932,261
Total financial assets at amortised cost	**58,171,161**	61,089,679	**57,009,776**	58,731,157

The range of interest rates per annum of deposits and maturities of deposits at the reporting date were as follows:

	2019	**2018**
Interest rates per annum (%)	**3.23 - 4.25**	3.25 - 4.11
Maturities (days)	**31 - 366**	31 - 365

17. Cash and bank balances (cont'd.)

For the purpose of the statements of cash flows of the Group and of the Company, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	**54,856,610**	58,588,443	**50,534,107**	55,158,092
Less: Short-term deposits with licensed banks	**(48,327,885)**	(49,662,774)	**(48,327,885)**	(49,662,774)
Total cash and cash equivalents	**6,528,725**	8,925,669	**2,206,222**	5,495,318

These short-term deposits have maturity periods of more than 3 months but not more than one year. Included in short-term deposits with licensed banks are deposits of RM1,185,000 (2018: RM1,185,000) pledged as bank guarantees for credit facilities granted to the Group and the Company.

18. Share capital

	Number of ordinary shares		Amount	
	2019	2018	2019	2018
			RM	RM
Issued and fully paid:				
At 1 January/31 December	**197,002,000**	197,002,000	**199,396,693**	199,396,693

19. Hire purchase payable

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	**35,280**	38,300	**-**	-
Later than 1 year and not later than 2 years	**17,630**	35,280	**-**	-
Later than 2 years and not later than 5 years	**-**	14,690	**-**	-
	52,910	88,270	**-**	-
Less: Future finance charges	**(2,781)**	(7,087)	**-**	-
Present value of finance lease liabilities	**50,129**	81,183	**-**	-
Present value of finance lease liabilities:				
Not later than 1 year	**32,841**	33,701	**-**	-
Later than 1 year and not later than 2 years	**17,288**	33,036	**-**	-
Later than 2 years and not later than 5 years	**-**	14,446	**-**	-
	50,129	81,183	**-**	-
Analysed as:				
Due within 12 months	**32,841**	33,701	**-**	-
Due after 12 months	**17,288**	47,482	**-**	-
	50,129	81,183	**-**	-

The hire purchase payable bears interest rates of 7.15% (2018: 5.51% to 7.15%) per annum.

20. Deferred tax liabilities

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At 1 January	**15,754,322**	16,656,396	**13,611,994**	14,092,760
Effect of early adoption of IC Interpretation 23	**-**	(46,190)	**-**	(33,873)
Effect of change in tax rate on revaluation surplus previously transferred to retained earnings upon transition to MFRS	**-**	530,000	**-**	530,000
Recognised in profit or loss (Note 9)	**(1,090,856)**	(1,385,884)	**(714,986)**	(976,893)
At 31 December	**14,663,466**	15,754,322	**12,897,008**	13,611,994

Reflected in the statements of financial position as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Deferred tax liabilities	**14,663,466**	15,754,322	**12,897,008**	13,611,994

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

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Deferred tax assets	**(6,607,786)**	(5,726,972)	**(2,108,760)**	(1,695,754)
Deferred tax liabilities	**21,271,252**	21,481,294	**15,005,768**	15,307,748
	14,663,466	15,754,322	**12,897,008**	13,611,994

Deferred tax liabilities of the Group:

	Hotel properties RM	Other assets RM	Total RM
At 1 January 2019	**21,058,693**	**422,601**	**21,481,294**
Recognised in profit or loss	**(350,074)**	**140,032**	**(210,042)**
At 31 December 2019	**20,708,619**	**562,633**	**21,271,252**
At 1 January 2018	21,060,499	691,688	21,752,187
Effect of early adoption of IC Interpretation 23	-	36,794	36,794
Effect of change in tax rate on revaluation surplus previously transferred to retained earnings upon transition to MFRS	530,000	-	530,000
Recognised in profit or loss	(531,806)	(305,881)	(837,687)
At 31 December 2018	21,058,693	422,601	21,481,294

20. Deferred tax liabilities (cont'd.)

Deferred tax assets of the Group:

	Unused tax losses, unabsorbed capital and investment tax allowances RM	Other deductible temporary differences RM	Total RM
At 1 January 2019	**(5,599,837)**	**(127,135)**	**(5,726,972)**
Recognised in profit or loss	**(913,512)**	**32,698**	**(880,814)**
At 31 December 2019	**(6,513,349)**	**(94,437)**	**(6,607,786)**
At 1 January 2018	(4,996,669)	(99,122)	(5,095,791)
Effect of early adoption of IC Interpretation 23	(82,984)	-	(82,984)
Recognised in profit or loss	(520,184)	(28,013)	(548,197)
At 31 December 2018	(5,599,837)	(127,135)	(5,726,972)

Deferred tax liabilities of the Company:

	Hotel properties RM	Other assets RM	Total RM
At 1 January 2019	**15,072,326**	**235,422**	**15,307,748**
Recognised in profit or loss	**(328,525)**	**26,545**	**(301,980)**
At 31 December 2019	**14,743,801**	**261,967**	**15,005,768**
At 1 January 2018	14,870,849	498,994	15,369,843
Effect of early adoption of IC Interpretation 23	-	32,563	32,563
Effect of change in tax rate on revaluation surplus previously transferred to retained earnings upon transition to MFRS	530,000	-	530,000
Recognised in profit or loss	(328,525)	(296,135)	(624,658)
At 31 December 2018	15,072,321	235,422	15,307,748

Deferred tax assets of the Company:

	Unabsorbed capital allowances RM	Other deductible temporary differences RM	Total RM
At 1 January 2019	**(1,673,077)**	**(22,677)**	**(1,695,754)**
Recognised in profit or loss	**(414,898)**	**1,892**	**(413,006)**
At 31 December 2019	**(2,087,975)**	**(20,785)**	**(2,108,760)**

20. Deferred tax liabilities (cont'd.)

Deferred tax assets of the Company: (cont'd.)

	Unabsorbed capital allowances RM	Other deductible temporary differences RM	Total RM
At 1 January 2018	(1,254,406)	(22,677)	(1,277,083)
Effect of early adoption of IC Interpretation 23	(66,436)	-	(66,436)
Recognised in profit or loss	(352,235)	-	(352,235)
At 31 December 2018	(1,673,077)	(22,677)	(1,695,754)

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

	Group 2019 RM	2018 RM
Unused tax losses	**7,142,917**	7,053,296
Unabsorbed capital allowances	**5,501,981**	4,513,330
Unabsorbed investment tax allowances	**12,793,203**	12,712,940
Other deductible temporary differences	**64,643**	64,653
	25,502,744	24,344,219

Deferred tax assets have not been recognised in respect of this item as it is not probable that future taxable profits from a business source as defined by Malaysian tax legislature will be available against which the unrecognised temporary differences can be utilised.

The unused tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and other deductible temporary differences of the Group are available for offsetting against future taxable profits of the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act, 1967 and subject to the relevant provision of Income Tax Act 1967. Effective from the year of assessment 2019 in accordance to the Finance Act 2018 (Act 812), any unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances of the Group as at 31 December 2018 for the year of assessment 2018 will only be available for utilisation for seven (7) consecutive years of assessment i.e. from the year of assessment 2019 until the year of assessment 2025. Any unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowances after the year of assessment 2025 shall be disregarded. Likewise, any unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowance for the year of assessment 2019 will be available for utilisation from the year of assessment 2020 until the year of assessment 2026.

21. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 90 (20187: 30 to 90) days.

22. Other payables

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Due to affiliated companies	**5,618**	11,613	**-**	-
SST payables	**241,061**	204,406	**75,063**	69,206
Sundry payables	**1,713,895**	1,903,284	**1,062,820**	1,277,576
Provisions	**588,153**	474,296	**289,338**	123,821
Accruals	**1,205,862**	1,232,335	**407,369**	429,932
	3,754,589	3,825,934	**1,834,590**	1,900,535
Add: Trade payables (Note 21)	**1,211,085**	968,367	**166,393**	157,712
Hire purchase payable (Note 19)	**50,129**	81,183	**-**	-
Less: SST payables	**(241,061)**	(204,406)	**(75,063)**	(69,206)
Provisions	**(588,153)**	(474,296)	**(289,338)**	(123,821)
Total financial liabilities carried at amortised cost	**4,186,589**	4,196,782	**1,636,582**	1,865,220

Other payables are non-interest bearing and are normally settled on average of 30 to 90 (2018: 30 to 90) days, except for the amounts due to affiliated companies and subsidiaries which are repayable on demand.

(a) Provisions

Group	Short-term accumulating compensated absences RM	Others RM	Total RM
At 1 January 2019	**276,927**	**197,369**	**474,296**
Addition	**268,685**	**173,874**	**442,559**
Utilisation and reversal	**(276,927)**	**(51,775)**	**(328,702)**
At 31 December 2019	**268,685**	**319,468**	**588,153**
At 1 January 2018	293,427	164,531	457,958
Addition	276,927	55,351	332,278
Utilisation and reversal	(293,427)	(22,513)	(315,940)
At 31 December 2018	276,927	197,369	474,296

22. Other payables (cont'd.)

(a) Provisions (cont'd.)

	Short-term accumulating compensated absences RM	Others RM	Total RM
Company			
At 1 January 2019	**73,763**	**50,058**	**123,821**
Addition	**87,081**	**157,311**	**244,392**
Utilisation and reversal	**(73,763)**	**(5,112)**	**(78,875)**
At 31 December 2019	**87,081**	**202,257**	**289,338**
At 1 January 2018	94,486	-	94,486
Addition	73,763	50,058	123,821
Utilisation and reversal	(94,486)	-	(94,486)
At 31 December 2018	73,763	50,058	123,821

23. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Dividend income received from a subsidiary	**-**	-	**-**	950,000
Management fees received/ receivable from an affiliated company	**72,000**	72,000	**72,000**	72,000
Management fees received/ receivable from subsidiaries	**-**	-	**1,310,548**	1,265,688
Rental income received/ receivable from an affiliated company	**49,152**	49,152	**49,152**	49,152

23. Significant related party transactions (cont'd.)

Compensation of key management personnel

The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	**1,730,225**	1,756,828	**1,253,513**	1,259,523
EPF	**186,767**	185,818	**134,883**	135,560
	1,916,992	1,942,646	**1,388,396**	1,395,083

Included in total compensation of key management personnel of the Group and of the Company are directors' fees and remuneration (excluding non-executive directors) of RM1,080,778 (2018: RM1,080,041) and RM1,019,570 (2018: RM1,018,428), respectively

24. Segment information

The chief operating decision-maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocation of resources. The Group is principally engaged in the hotel business conducted in Malaysia.

	Group	
	2019	**2018**
	RM	**RM**
Revenue from external customers	**23,548,920**	23,174,913
Reportable segment loss	**(2,859,522)**	(2,246,800)
Reportable segment assets	**235,193,718**	242,971,785
Reportable segment liabilities	**4,965,674**	4,794,301
Reportable segment loss is reconciled as follows:		
Total loss for reportable segment	**(2,859,522)**	(2,246,800)
Interest income	**2,047,374**	2,198,210
Other income	**233,031**	273,684
Depreciation	**(7,216,790)**	(6,639,800)
Loss before tax	**(7,795,907)**	(6,414,706)
Reportable segment assets are reconciled as follows:		
Total assets for reportable segment	**235,193,718**	242,971,785
Tax recoverable	**110**	63,324
Total assets	**235,193,828**	243,035,109
Reportable segment liabilities are reconciled as follows:		
Total liabilities for reportable segment	**4,965,674**	4,794,301
Tax payable	**362,355**	500,290
Deferred tax liabilities	**14,663,466**	15,754,322
Hire purchase payable	**50,129**	81,183
Total liabilities	**20,041,624**	21,130,096

The Group has no significant concentration of revenue generated from a single external customer during the year.

25. Fair value of financial instruments

The carrying amounts of the financial assets and liabilities of the Group and of the Company are reasonable approximation of fair values, either due to their short-term nature or the insignificant impact of discounting.

26. Financial risk management objectives and policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign exchange and market risks, interest rate risk, credit risk, and liquidity and cash flows risks. These resources are managed and allocated centrally to ensure that all business units within the Group maintain the required level of capital and liquidity. The Group operates within clearly defined guidelines that are approved by the Board. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(a) Foreign exchange and market risks

The Group is not exposed to significant foreign exchange and market risks as it has not been involved in any activity which gave rise to material impact from these risks.

(b) Interest rate risk

The Group has minimal exposure to interest rate risk as its interest-bearing borrowing relates to hire purchase arrangement of which the interest rate is fixed at the inception of the arrangement.

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Expected credit losses ("ECL")</u>

The Group and the Company apply a simplified approach in calculating ECLs for their receivables and cash and bank balances. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have assessed based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

At the reporting date, the Group's and the Company's concentration of credit risk relates to debts due from government agencies which comprise 48% (2018: 49%) and 21% (2018: 54%) respectively of total trade receivables.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is as disclosed in Notes 15 and 16, respectively.

26. Financial risk management objectives and policies (cont'd.)

(c) Credit risk (cont'd.)

Financial assets that are either past due or impaired

The Group and the Company have collectively assessed the lifetime expected credit losses on trade and other receivables at the reporting date based on the historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. There is no additional allowance for impairment necessary at this juncture.

Information regarding trade and other receivables that are either past due or individually impaired is as disclosed in Notes 15 and 16, respectively.

(d) Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations are either on demand or within one year.

27. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the financial year.

28. Capital commitments

Capital expenditures as at the reporting date are as follows:

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
Approved and contracted for:				
Property, plant and equipment	**77,905**	857,203	-	857,203

29. Subsequent event

With widespread concerns about the ongoing COVID-2019 outbreak, the demand for travel by both leisure and corporate segments were impacted subsequent to the year ended 31 December 2019. This may affect the financial performance and cash flows of the Group and the Company after the reporting period. The estimate of the financial impact cannot be reasonably determined at this juncture.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2020

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	129	2.84	3,917	0.00
100 - 1,000	1,502	33.05	1,417,430	0.72
1,001 - 10,000	2,438	53.64	9,288,336	4.72
10,001 - 100,000	411	9.04	11,006,606	5.59
100,001 - 9,850,099 (Less than 5% of issued shares)	62	1.36	32,156,650	16.32
9,850,100 and above (5% and above of issued shares)	3	0.07	143,129,061	72.65
Total	**4,545**	**100.00**	**197,002,000**	**100.00**

THE THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	%
1.	Tan Chee Hoe & Sons Sdn Bhd	86,035,118	43.67
2.	Hotel Grand Central Limited	46,864,843	23.79
3.	Tan Chee Hoe & Sons Sdn Bhd	10,229,100	5.19
4.	Harichandra Holdings Sdn Bhd	3,474,500	1.76
5.	Fortune Full Century Limited	2,691,100	1.37
6.	Chelliah Holidays Sdn Bhd	2,500,000	1.27
7.	Kong Ying Ling	2,200,000	1.12
8.	Ensin Corporation Sdn Bhd	1,812,700	0.92
9.	Mersec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	1,750,000	0.89
10.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chelliah Holdings Sdn Bhd (SRB/PDN/PMS)	1,000,000	0.51
11.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kiam Hsung	910,400	0.46
12.	Vun Shui Moi @ Vun Siew Moi	872,000	0.44
13.	Cheong Hok An	849,250	0.43
14.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Kwee Hock	782,300	0.40
15.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Siew Lai	700,000	0.36
16.	Tan Hwa Lian	557,000	0.28
17.	Cheng Hon Sang	544,200	0.28
18.	Chin Kian Fong	517,500	0.26
19.	Pong Lam Sin	501,900	0.25
20.	Lok Eng Kiat	451,300	0.23
21.	Kheng Thin Choo	437,500	0.22
22.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Hock Fatt (E-SS2)	412,900	0.21
23.	Koo Boon Long	396,900	0.20
24.	Cheng Hon Sang	374,300	0.19
25.	Lim Hui Kong	360,000	0.18
26.	Lee Siew Hoon	358,700	0.18
27.	Hong Thian Hock	331,200	0.17
28.	Ng Poh Cheng	321,800	0.16
29.	Tan Teck Lin Holdings Sdn Bhd	311,000	0.16
30.	Weh Dah Sdn Bhd	310,000	0.16
	Total	**168,857,511**	**85.71**

LIST OF DIRECTORS' & SUBSTANTIAL HOLDINGS As at 31 March 2020

Directors' Holdings (as per Register of Directors' Holdings)

Directors	No. of Shares			
	Direct	%	Indirect	%
Tan Eng Teong	13,000	0.01	143,733,061[1]	72.96
Tan Teck Lin	13,000	0.01	144,241,961[2]	73.22
Tan Eng How	32,000	0.02	143,157,061[1]	72.67
Tan Hwa Imm	80,000	0.04	998,900 [3]	0.51
Wong Tow Cheong	-	-	-	-
Lee Wai Kuen	-	-	-	-
Lim Thian Loong	-	-	-	-
Tan Hwa Lian (Alternate Director)	557,000	0.28	13,000 [6]	0.01

Substantial Holdings (as per Register of Substantial Holdings)

Substantial Shareholders	No. of Shares			
	Direct	%	Indirect	%
Tan Chee Hoe & Sons Sdn. Bhd.	96,264,218	48.86	46,864,843 [4]	23.79
Hotel Grand Central Limited	46,864,843	23.79	-	-
Tan Eng Teong Holdings Sdn. Bhd.	-	-	143,129,061[5]	72.65
Tan Teck Lin Holdings Sdn. Bhd.	311,000	0.16	143,129,061[5]	72.65
Aditan Holdings Sdn. Bhd.	-	-	143,129,061[5]	72.65
Bizest Sdn. Bhd.	-	-	143,129,061[5]	72.65
Tan Eng Teong	13,000	0.01	143,733,061[1]	72.96
Tan Teck Lin	13,000	0.01	144,241,961[2]	73.22
Tan Eng How	32,000	0.02	143,157,061[1]	72.67
Tan Eng Sin	2,000	-	143,187,061[1]	72.68

(1) Indirect interest by virtue of his interest in Tan Chee Hoe & Sons Sdn. Bhd., Hotel Grand Central Limited and family members.

(2) Indirect interest by virtue of his interest in Tan Chee Hoe & Sons Sdn. Bhd., Hotel Grand Central Limited, Tan Teck Lin Holdings Sdn. Bhd. and family members.

(3) Indirect interest by virtue of her interest in Tan Teck Lin Holdings Sdn. Bhd. and family members.

(4) Indirect interest by virtue of substantial holding in Hotel Grand Central Limited.

(5) Indirect interest by virtue of direct/indirect holding in Tan Chee Hoe & Sons Sdn. Bhd. and Hotel Grand Central Limited.

(6) Indirect interest by virtue of her interest through family member.

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