ecmlibra

Laporan Tahunan 2019 Annual Report

ECM Libra Group Berhad (200501031433)(713570-K)
(formerly known as ECM Libra Financial Group Berhad)

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corporate information

DIRECTORS

Dato' Seri Kalimullah bin Masheerul Hassan (Chairman)
Dato' Lim Kian Onn
Datuk Kamarudin bin Md Ali
En Mahadzir bin Azizan
Mr Gareth Lim Tze Xiang (Chief Executive Officer)
En Akil Hassan bin Kalimullah
(alternate to Dato' Seri Kalimullah bin Masheerul Hassan)

BOARD AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Kamarudin bin Md Ali (Chairman)
En Mahadzir bin Azizan

NOMINATION AND REMUNERATION COMMITTEE

En Mahadzir bin Azizan (Chairman)
Datuk Kamarudin bin Md Ali

SECRETARIES

Mr Lim Kam Choy
Ms Rebecca Kong Say Tsui

AUDITORS

Ernst & Young PLT
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax : 03-2095 9076

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
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59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

REGISTERED OFFICE

2nd Floor, West Wing, Bangunan ECM Libra
8 Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2632 9800
Fax : 03-2096 1188

BUSINESS ADDRESS

Ground Floor, East Wing, Bangunan ECM Libra
8 Jalan Damansara Endah
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2632 9800
Fax : 03-2096 1188

WEBSITE

www.ecmlibra.com

LISTING

Main Market of Bursa Malaysia Securities Berhad

directors' profile

Dato' Seri Kalimullah bin Masheerul Hassan

Non-Executive Chairman/Non-Independent

Dato' Seri Kalimullah bin Masheerul Hassan, a Malaysian, male, aged 62, began a career in journalism in 1979 and served in various local and international organizations before becoming a businessman in 1995. Since then, he has held key positions in various Malaysian listed corporations. Dato' Seri Kalimullah was also tapped by the Government to serve on various Government agencies and boards, including as Chairman of the national news agency, Bernama, Deputy Chairman of then Malaysia's largest newspaper group, the New Straits Times Press (M) Bhd, while continuing to as Chief Executive Officer and Executive Chairman of ECM Libra Berhad, which he co-founded with two partners in 2002. He also served as a member of the National Unity Advisory Panel, the Multimedia Development Corporation (MdEC), the National Information Technology and various public-listed companies. He is now on charity works undertaken by the ECM Libra Foundation which was set up and funded by him and his two partners, Dato' Chua Ming Huat and Dato' Lim Kian Onn.

Dato' Seri Kalimullah was appointed Chairman of the Board of Directors ("Board") of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) ("ECMLG" or "Company") on 16 June 2006. He attended all seven Board meetings held during the financial year ended 31 December 2019.

Dato' Seri Kalimullah is also a director of Avarga Limited, a company listed on the Stock Exchange of Singapore and a trustee of ECM Libra Foundation. En Akil Hassan bin Kalimullah is the son of Dato' Seri Kalimullah and was appointed Alternate Director to Dato' Seri Kalimullah. Dato' Seri Kalimullah is a major shareholder of ECMLG and has no family relationship with the other major shareholders of ECMLG and has no conflict of interest with ECMLG. He has never had any conviction for any offences and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Dato' Lim Kian Onn

Non-Independent Non-Executive

Dato' Lim Kian Onn, a Malaysian, male, aged 63, is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with Hong Leong Group, Malaysia as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales. Dato' Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002.

Dato' Lim was appointed to the Board of ECMLG on 16 June 2006 and re-designated Managing Director with effect from 1 May 2007, a position he held till 5 August 2010. On 6 August 2010, he was re-designated Non-Executive Director of the Company and was subsequently re-designated Managing Director of ECMLG on 16 July 2015. Dato' Lim is the Non-Executive Director of the Company with effect from 1 June 2020. He attended all seven Board meetings held during the financial year ended 31 December 2019.

Dato' Lim is also the non-executive Chairman of Plato Capital Limited, a company listed on the Stock Exchange of Singapore, a non-executive director of AirAsia X Berhad and a trustee of ECM Libra Foundation. He has substantial interest in ECMLG and is the father of Mr Gareth Lim Tze Xiang who is also a director and Chief Executive Officer of ECMLG. He has no conflict of interest with ECMLG, has no conviction for any offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

Datuk Kamarudin bin Md Ali

Independent Non-Executive

Datuk Kamarudin bin Md Ali, a Malaysian, male, aged 70, is a retired police commissioner. He holds a Masters in Science (Engineering) from University of Birmingham, United Kingdom and Bachelor of Science (Honours) (Mechanical Engineering) from University of Strathclyde, Glasgow, Scotland and attended specialized courses at the Royal College of Defense Studies, United Kingdom and University of Pittsburgh in the United States. Datuk Kamarudin retired from the Royal Malaysia Police ("RMP") on 4 May 2006 with more than thirty years' experience with extensive knowledge and skills in logistics and financial management, manpower development, strategic planning, training and crime suppression and prevention, gained through a wide range of command posts and managerial capacities held during his tenure in the RMP. He is actively involved in NGOs and is noted for his contribution to the Malaysian Crime Prevention Foundation.

Datuk Kamarudin was appointed to the Board of ECMLG on 16 June 2006. He attended all seven Board meetings held during the financial year ended 31 December 2019. He is the Chairman of the Board Audit & Risk Management Committee and a member of the Nomination and Remuneration Committee of ECMLG.

Datuk Kamarudin is also a director of Ann Joo Resources Berhad and Gabungan AQRS Berhad. He has no family relationship with any director or major shareholder of ECMLG and no conflict of interest with ECMLG. He has no conviction for any offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

En Mahadzir bin Azizan

Independent Non-Executive

En Mahadzir bin Azizan, a Malaysian, male, aged 71, is a Barrister-At-Law from Lincoln's Inn, London, United Kingdom and was called to the English Bar in 1978.

After graduation, En Mahadzir joined the Judicial and Legal Service of the Malaysian Government as a Deputy Public Prosecutor and Federal Counsel and subsequently ventured into the private sector and served Malaysian International Shipping Corporation Berhad and Island & Peninsular Berhad, the property arm of Permodalan Nasional Berhad. Whilst in the private sector, he also served as Ahli Majlis MARA, director of Amanah Raya Berhad and Tabung Haji group of companies as well as various other directorships in government linked companies.

En Mahadzir was appointed to the Board of ECMLG on 16 June 2006. He attended all seven Board meetings held during the financial year ended 31 December 2019. He is the Chairman of the Nomination and Remuneration Committee and a member of the Board Audit & Risk Management Committee of ECMLG.

En Mahadzir is also a director of Syarikat Takaful Malaysia Keluarga Berhad, Syarikat Takaful Malaysia Am Berhad, RCE Capital Berhad and Securities Industry Dispute Resolution Center. He has no family relationship with any director or major shareholder of ECMLG and no conflict of interest with ECMLG. He has no conviction for any offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

directors' profile continued

Mr Gareth Lim Tze Xiang

Chief Executive Officer/Non-Independent

Mr Gareth Lim Tze Xiang, a Malaysian, male, aged 37, holds a Bachelor of Arts Degree in Economics from St. Catharine's College at the University of Cambridge.

Mr Gareth Lim was appointed to the Board of ECMLG on 4 July 2016. On 1 June 2020, he was appointed as Chief Executive Officer of ECMLG and re-designated as Executive Director of the Company. He attended all seven Board meetings held during the financial year ended 31 December 2019.

Mr Gareth Lim is also the Chief Executive Officer of Plato Capital Limited Group ("Plato Group"). He joined Plato Group in September 2009 as Head of Investments, responsible for the formulation and implementation of Plato Group's overall investment strategy and became the Chief Executive Officer of Plato Group in November 2010. He is also the Chief Executive Officer of Ormond Group which houses Plato Group's hospitality assets. Mr Gareth Lim began his career as part of Morgan Stanley's mergers and acquisitions practice in Singapore. Prior to joining Plato Group, Mr Gareth Lim was a pioneer member of the management teams at Tune Hotels, Southeast Asia's leading chain of limited service hotels, and AirAsia X, the world's then only low cost, long haul carrier, where he was responsible for the establishment and development of each company.

Mr Gareth Lim is also an alternate director of Plato Capital Limited, a company listed on the Stock Exchange of Singapore. He is the son of Dato' Lim Kian Onn who is a Director and major shareholder of ECMLG. He has no conflict of interest with ECMLG, has no conviction for any offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

En Akil Hassan bin Kalimullah

(Alternate to Dato' Seri Kalimullah bin Masheerul Hassan)
Non-Independent Non-Executive

En Akil Hassan bin Kalimullah, a Malaysian, male, aged 31, holds a Bachelor of Science in Mathematics from University of Melbourne.

En Akil Hassan started his career in Hay Group, a boutique management consulting firm specialising in human capital solutions, as an Analyst. Having spent five years there, he managed to get involved in major transformation projects with notable GLCs including but not limited to Khazanah Nasional Berhad, Employee Provident Fund (EPF), Pemodalan Nasional Berhad (PNB), Malaysian Resources Corporation Berhad (MRCB) and many others. He specialises in HR analytics, Total Remuneration Strategy, Organisational Design and Strategic Workforce Planning. Currently he works as a Culture Manager in Oriental Interest Berhad, a property developer focused on residential development in the outskirts of Kuala Lumpur where he is responsible for establishing a culture that is in line with the company's growth aspirations.

En Akil Hassan was appointed as Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan on 10 December 2019. He is the son of Dato' Seri Kalimullah bin Masheerul Hassan who is the Non-Executive Chairman and a major shareholder of ECMLG. Other than ECMLG, En Akil Hassan does not hold directorships in any other public companies and listed issuers. He has no conflict of interest with ECMLG, has no conviction for any offences within the past five years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

key senior management's profile

Mr Gareth Lim Tze Xiang

Chief Executive Officer

Details of Mr Gareth Lim Tze Xiang are disclosed in the Directors' profile on page 6.

Lim Kam Choy

Chief Financial Officer and Company Secretary

Mr Lim Kam Choy, a Malaysian, male, aged 53, was appointed as the Company's Chief Financial Officer on 1 July 2019 and Company Secretary on 30 August 2019.

He holds a professional qualification in accounting (MICPA) and an MBA from University of South Australia and is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

He served his CPA articleship with PriceWaterhouse (now known as PricewaterhouseCoopers) and has over thirty years of working experience, the first twelve years with two Big 4 audit firms - PriceWaterhouse and Ernst & Young, followed by another nineteen years in public listed companies holding senior management positions.

He sits on the board of Plato Capital Limited, a company listed on the Stock Exchange of Singapore. He has no family relationship with any director or major shareholder of the Company, has no conflict of interests with the Company and no convictions for offences within the past five years nor has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2019.

board audit & risk management committee report

Constitution

The Board Audit & Risk Management Committee ("BARMC") was established on 28 June 2006 by the Board of Directors ("Board").

Composition

The members of the BARMC during the financial year ended 31 December 2019 were:

Chairman : Datuk Kamarudin bin Md Ali
(Independent Non-Executive Director)

Members : Dato' Othman bin Abdullah*
(Independent Non-Executive Director)

En Mahadzir bin Azizan
(Independent Non-Executive Director)

* Dato' Othman bin Abdullah demised on 4 April 2020 and the Company will fill the vacancy in the BARMC within three (3) months pursuant to Paragraph 15.19 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Terms of Reference of BARMC

The terms of reference of BARMC include the following and are available on the website of the Company at www.ecmlibra.com:

(i) to review and approve the internal and statutory audit plans and the audit reports, and evaluate internal controls, including risk management and compliance matters;

(ii) to review the quarterly interim financial statements and year-end financial statements of the Group and the Company;

(iii) to consider related party transactions and conflict of interest situations that may arise within the companies in the Group; and

(iv) to review the appointment/re-appointment of the external auditors and their fees, and the scope, competency and resources of the internal audit function.

Meetings

The BARMC meets at least four (4) times in each financial year and additional meetings may be called at any time as and when necessary. During the financial year ended 31 December 2019, six (6) meetings were held and attended by all the BARMC members.

Summary of Work

The summary of work of the BARMC in the discharge of its duties and functions for the financial year ended 31 December 2019 is as below:

1. Financial Reporting

The BARMC reviewed the interim financial statements and year-end financial statements of the Company and Group prior to tabling to the Board for approval and its subsequent release to Bursa Securities. In reviewing the interim financial statements and year-end financial statements of the Company and Group, the BARMC ensured true and fair reporting, reliability of financial information of the Company and Group, compliance with relevant provisions of the Companies Act 2016, applicable financial reporting standards in Malaysia and Main Market Listing Requirements of Bursa Securities and prompt publication of the said financial statements.

board audit & risk management committee report
continued

Summary of Work (continued)

2. **External Audit**

The BARMC deliberated with the external auditors on their scope of work and audit plan for the Group for the financial year ended 31 December 2019 covering, amongst others, areas of audit emphasis, audit timeline, scope of audit, and responsibilities of auditors, directors and management. Financial reporting developments including the relevant new and amended major financial reporting standards which took effect in the current financial year or would take effect after the financial year and their implication on the financial reporting of the Group were also discussed.

The BARMC noted the Company and Group adopted the new Malaysian Financial Reporting Standard ("MFRS") 16 Leases which requires the Company and Group to recognise lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117 Leases, in the statement of financial position with effect from 1 January 2019. The BARMC also noted the impact arising from the adoption of MFRS 16 as disclosed in Note 35 to the financial statements for the financial year ended 31 December 2019.

The external auditors have given their written assurance confirming that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including international Independence Standards) in relation to their audit of the financial statements of the Company and Group for the financial year ended 31 December 2019.

The BARMC discussed with the external auditors their audit results for the year-end financial statements of the Company and Group. The BARMC reviewed and recommended the proposed audit fees of the external auditors to the Board for approval.

With the feedback provided by management, the BARMC assessed the performance, suitability and independence of the external auditors for their re-appointment by taking into consideration the criteria set out in the External Auditors Assessment Policy including the adequacy of resources of external auditors to undertake their audit, level and quality of service provided by the external audit team, communication between the external auditors and management as well as the competence, knowledge, experience and independence of advice provided by the engagement partner. The external auditors had met the criteria and following the assessment, the BARMC recommended the re-appointment of the external auditors to the Board and for the Board to recommend the same to the shareholders for approval at the annual general meeting.

During the financial year, the BARMC assessed the appointment of the external auditors for non-audit services based on the criteria set out in the External Auditors Assessment Policy and reviewed fees and scope for the non-audit services provided by the external auditors. The BARMC ensured the external auditors has adequate resources and requisite skills and experience to perform the non-audit services and their appointment would not impair their independence and conflict with their role as statutory auditor of the Group prior to its recommendation to the Board for approval.

The BARMC confirmed the aggregate fee for the non-audit services rendered by the external auditors for the financial year is insignificant according to the Main Market Listing Requirements of Bursa Securities.

The external auditors could meet freely, regularly and on a confidential basis with the BARMC. During the financial year, the BARMC had two private sessions with the external auditors on 13 February 2019 and 21 November 2019 without the presence of the other Directors or management. There were no major issues raised by the external auditors that needed to be brought to the attention of the Board.

3. **Internal Audit**

The BARMC reviewed and approved the internal audit plan for the financial year proposed by the independent outsourced internal auditors ("Internal Auditors") to ensure the adequacy of the scope and coverage of internal audit on activities and operations of the Group. The BARMC also assessed if adequate time and resources were allocated by the Internal Auditors to perform the audit.

The BARMC reviewed the internal audit report presented by the Internal Auditors on their audit findings and recommendations for improvement to be implemented, the assessment on the adequacy and effectiveness of internal controls implemented, and the corresponding responses of management. The BARMC ensured that actions taken by management to address the audit findings were satisfactory and within the agreed timeline.

Summary of Work (continued)

4. Related Party Transactions

The BARMC reviewed the related party transactions entered into by the Group on a quarterly basis to ensure that these transactions were carried out in the normal course of business and transacted at arms' length.

The BARMC reviewed a proposed related party transaction which involved a joint venture with Plato Capital Limited for investment in the hospitality services industry via a joint venture company, Ormond Group Pte Ltd ("Joint Venture"). The BARMC considered all aspects of the Joint Venture including the rationale, prospects and risk factors associated with the Joint Venture and opined that the Joint Venture to be entered into was in the best interest of the Company, fair and reasonable, and on normal commercial terms that were not detrimental to the interest of minority shareholders of the Company. The BARMC recommended to the Board to grant approval for the Company to undertake the Joint Venture.

The BARMC reviewed a proposed corporate exercise which involved the proposed acquisition of Tune Hotel Danga Bay, three parcels of land together with an existing structure which is being re-developed into two hotels to be known as The Chow Kit, an Ormond hotel and MoMo's Kuala Lumpur and hospitality businesses ("Proposal"). The Proposal was deemed to be a related party transaction in view of the interests of certain Directors and major shareholders of the Company. The BARMC having considered all aspects of the Proposal, including the salient terms of the sale and purchase agreement, basis and justification of the purchase price as well as the rationale and prospects of the Proposal, was of the opinion that the Proposal to be undertaken was in the best interest of the Company, fair and reasonable and on normal commercial terms and not detrimental to the interest of the non-interested shareholders. The BARMC recommended to the Board to endorse the Proposal subject to the approval of the shareholders of the Company.

5. Risk Management

The BARMC oversees the establishment of a robust risk management framework. During the financial year, the BARMC reviewed, on a quarterly basis, the risk management reports that covered the review and management of risks in the day-to-day business operation and activities of the Group, so as to ensure that there were adequate internal control measures and mitigating factors in place to manage the risks encountered by the Group.

6. Compliance

The BARMC reviewed the reports on the compliance status of the Fund Management and Collective Investment Schemes, and Anti-Money Laundering, Anti-Terrorism Financing & Proliferation Financing related matters, so as to ensure the activities of Libra Invest Berhad ("LIB") were operated within and fully complied with the relevant regulations and laws. LIB ceased to be a subsidiary of the Company following the disposal by the Company of its 100% shareholding in LIB on 8 July 2019.

7. Other Duties

(i) The BARMC reviewed the Board Audit & Risk Management Committee Report and Statement on Risk Management & Internal Control to ensure adherence to the relevant reporting requirements prior to its recommendation to the Board for approval for inclusion in the Annual Report of the Company.

(ii) The BARMC reviewed and updated its terms of reference to ensure compliance with the Main Market Listing Requirements of Bursa Securities and it is in line with the relevant practices as recommended by the Malaysian Code on Corporate Governance. The BARMC recommended its updated terms of reference to the Board for approval.

(iii) The BARMC reviewed the Compliance Manual, Risk Management Framework and Risk Management Procedures Manual, and agreed that no changes or updates were required. The BARMC recommended the same to the Board for concurrence.

(iv) The BARMC reviewed the External Auditors Assessment Policy which sets out the guidelines and procedures for assessment of the external auditors. The BARMC agreed that no updates were required to be made to the said policy and it would remain relevant and appropriate and fit for its purpose. The BARMC recommended the same to the Board for concurrence.

board audit & risk management committee report
continued

Summary of Work (continued)

7. Other Duties (continued)

(v) The BARMC reviewed the report of Internal Auditors on the results of annual compliance review conducted on marketing and distribution of unit trust funds of LIB prior to its recommendation to the Board of LIB for approval for submission to the Federation of Investment Managers Malaysia.

(vi) The BARMC reviewed the report on the results of annual compliance review conducted on LIB according to the areas and compliance review procedures set out in the Compliance Programme of LIB, and recommended the said report for adoption by the Board of LIB.

During the financial year under review, the members of BARMC conducted an assessment on the performance of individual members and the BARMC as a whole to ensure that the BARMC and its members have discharged their responsibilities effectively. The results of the assessment were tabled to the BARMC for notation and subsequently to the Board Nomination Committee and the Board for review.

The Chairman of BARMC reported to the Board on significant matters deliberated at the BARMC meetings and key recommendations of the BARMC, after each BARMC meeting, for the Board's consideration and approval. The minutes of the BARMC meetings and circular resolutions passed by the BARMC were tabled to the Board for notation.

Internal Audit Function

The internal audit function of the Group is outsourced to an independent internal audit service provider who reports directly to the BARMC.

The Internal Auditors presented to and obtained approval from the BARMC on their internal audit plan. The internal audit for the financial year ended 31 December 2019 focused on Tune Hotel KLIA2 which is owned by OHG Services Sdn Bhd (formerly known as TP Sepang Sdn Bhd), a joint venture company in which ECMLG holds 50% equity interest, for the following areas:

(i) Front desk/Revenue recognition and procurement to payment.

(ii) Laundry services, housekeeping, maintenance, security and safety.

In discharging their role, the Internal Auditors:

- walkthrough the business process/auditable areas as highlighted above with the process owners to understand the process and identify key internal controls via interviews, observations and verification to supporting source documentation.

- performed sampling tests to evaluate the adequacy and integrity of the key controls within the business processes (identify business risks, benchmark the existing control system and identify design inadequacy, implementation lapses and process improvements).

- reported to the BARMC on the outcome of the audits conducted and their recommendations, the assessment on adequacy and effectiveness of the internal controls implemented and the actions taken by the management to implement improvements where applicable.

The abovementioned enabled the BARMC to execute its oversight function and form an opinion on the adequacy of measures undertaken by management.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2019 was RM65,000.

This Report was approved by the Board on 20 May 2020.

corporate governance overview statement

The Board of Directors ("Board") of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) ("ECMLG" or "Company") is committed to manage the Company and its subsidiaries ("ECMLG Group" or "Group") in line with corporate governance practices as set out in the Malaysian Code on Corporate Governance ("Code"). The Board believes that corporate accountability complements business practices that will facilitate the achievement of the Company's goals and objectives. In preparing this statement, the Board is pleased to report that the Group has applied the principles and complied with the practices as set out in the Code except as otherwise stated. The detailed application by ECMLG for each practice as set out in the Code during the financial year ended 31 December 2019 is disclosed in the Corporate Governance Report which is available on the Company's website, www.ecmlibra.com, at the dedicated section on Investor Relations.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibility

The Company is led by a proactive Board with a blend of good management and entrepreneurial skills, supported by Independent Directors who bring to the Board their diverse fields of training and experiences.

The Board is primarily entrusted with the responsibility of setting the goals, strategies and the business and organisational policies of the Group. It also oversees the conduct of the Group's businesses, ensures various control systems are in place as well as regularly evaluates such systems to ensure its integrity. The Board is guided by its Board Charter which is made available on the Company's website at www.ecmlibra.com. The Board Charter sets out the functions, roles and responsibilities of the Board. The Board Charter is reviewed at least once a year and updated as and when necessary to align with changes in the regulatory requirements and circumstances, needs of the Company and business environment.

In formulating the goals and strategies of the Group, the Board is mindful of the importance of business sustainability and ensures that particular attention is given to promote sustainability.

The Board has established three Board Committees to assist in the discharge of its duties and each Board Committee has its own specific terms of reference. Each Board Committee undertakes in-depth deliberation of the issues delegated to it before tabling its recommendations to the Board.

As at the financial year ended 31 December 2019, the Board Committees comprised:

1. Board Audit & Risk Management Committee;
2. Board Nomination Committee; and
3. Board Remuneration Committee.

Subsequent to the financial year ended 31 December 2019, on 26 February 2020, the Board resolved to merge the Board Nomination Committee and the Board Remuneration Committee into one single committee and renamed it as the Nomination and Remuneration Committee with a view that it will improve efficiency and effectiveness in assisting the Board discharging its duties and responsibilities.

The terms of reference of the Board Committees are set out in the Appendices to the Board Charter.

The positions of Chairman and Managing Director of ECMLG are held by different individuals to ensure there is a balance of power and authority. The Chairman of the Board leads the Directors in the performance of the Board's responsibilities and oversight of management whilst the responsibility of managing the Group's business activities is delegated to the Managing Director. The Managing Director is accountable to the Board and is responsible for growing the Group's overall business and providing direction in the implementation of strategies, policies and business plans approved by the Board. All matters not specifically reserved to the Board and necessary for the day-to-day operations of the Group are delegated to the Managing Director and senior management. The responsibilities of the Chairman and the Managing Directors are set out in the Board Charter.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. **Board Responsibility** (continued)

To ensure that ECMLG Group is efficiently managed, the Board meets on a quarterly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision. During the financial year under review, seven (7) Board meetings were held and attended by all the Directors. All the Directors had complied with the requirements in respect of Board meeting attendance as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["Listing Requirements of Bursa Securities"].

The Board collectively reviews and considers all corporate proposals prior to their implementation. Corporate proposals are put to vote after careful deliberation. The Directors are updated on ECMLG Group's affairs at Board meetings. The Board members have unlimited access to all information with regard to the activities of ECMLG Group during deliberations at the Board meetings as well as through regular interaction with senior management who are obliged to provide the Board with complete, well-focused and adequate information in a timely manner. The Directors are encouraged to obtain information on the Group's activities at any time by consultation with senior management. Where necessary, the Board shall also have access to advice of independent professional advisers at the expense of the Company. The Board will discuss and collectively decide on seeking such independent advice when the need arises. These enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

The Board members are provided with the notice, setting out the agenda and the comprehensive Board papers at least four (4) days prior to Board meetings. Board papers are the key source of information for Directors before the meeting and senior management are obliged to provide sufficient, accurate and relevant supporting information in the Board papers. The Chairman with the assistance of the Company Secretaries will ensure the integrity of the information provided and the timeliness of Board papers. Any late provision of Board papers is discouraged by the Board, particularly if it involves complex matters. Upon conclusion of the meeting, the minutes are circulated in a timely manner prior to the next meeting.

All members of the Board have access to the advice and support of suitably qualified and competent Company Secretaries. The Company Secretaries play an important advisory role and are a source of information and advice to the Board on issues relating to procedural and statutory requirements affecting the Company and Group. The Company Secretaries update the Board on material changes in law and table the regulatory development at the Board meeting for Board's notation.

The Directors are aware of their responsibilities and will devote sufficient time to discharge such responsibilities. Each member of the Board holds not more than five (5) directorships in public listed companies in accordance with the Listing Requirements of Bursa Securities. The Directors will inform the Board on their new appointment as director in other companies. These ensure that their commitment, resources and time are focused on the affairs of the Company and enable them to discharge their responsibilities effectively. The meeting schedule for the ensuing financial year will be provided to the Directors in advance before the end of the current financial year so that the Directors are able to plan ahead and ensure sufficient time will be devoted to discharge their duties and responsibilities.

All Directors of the Company have completed the Mandatory Accreditation Programme. They receive briefings and updates on the Group's businesses, operations, risk management, internal controls, finance and relevant legislation, rules and regulations, and they are encouraged to attend courses, briefings and seminars to keep themselves abreast with latest developments in the industry, regulatory updates or changes and to enhance their skills and knowledge. The Board Nomination Committee oversees continuing education programmes covering areas that could strengthen Directors' contribution to the Board. During the financial year, the Directors were regularly kept informed of available training programmes related to corporate governance, risk management and internal control, regulatory development as well as business trends, and arrangements were made by the Company Secretaries for the Directors to attend.

corporate governance overview statement
continued

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibility (continued)

Board members have participated in the following training courses, briefings or seminars during the financial year under review to keep themselves updated on latest developments and to enhance their knowledge:

Director	Course Name
Dato' Seri Kalimullah bin Masheerul Hassan	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009
Dato' Lim Kian Onn	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009
Datuk Kamarudin bin Md Ali	ESG Seminar for FTSE4Good Bursa Malaysia Index
	CG Watch: How does Malaysia Rank?
	Integrated Reporting
	KPMG ACI Breakfast Roundtable 2019
	Board Dynamics - What are the key Requirements?
	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009
	Budget 2020 Tax Update
	Corporate Liability
Dato' Othman bin Abdullah	Offsite Planning Meeting
	Audit Oversight Board Conversation with Audit Committees
	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009
En Mahadzir bin Azizan	Business Continuity Management
	Corporate Liability Provision and Competition Act
	Cyber Security: Cyber Proofing The Next Wave
	Compliance Insights: Past Lessons and Future Directions
	Offsite Planning Meeting
	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009
Mr Gareth Lim Tze Xiang	International Hotel Investment Forum 2019
	General Understanding of Section 17A, Malaysian Anti-Corruption Commission Act 2009

En Akil Hassan bin Kalimullah who was appointed on 10 December 2019 is the Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan. He attended and completed the Mandatory Accreditation Programme subsequent to the financial year end.

The Board members have also devoted time in non-structured continuing professional development through reading articles relating to topics relevant to the business of the Group.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I. Board Responsibility (continued)

The Board sets the Group's core values and adopts proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations. The Board observes the codes as set out in the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and the requirements under the Companies Act 2016 which provide guidance on the standards of conduct and prudent business practices as well as standards of ethical behaviour. The salient points of the Code of Ethics for Company Directors are highlighted below:

1. Should ensure at all times that the Company is properly managed and effectively controlled;
2. Should stay abreast of the affairs of the Company and be kept informed of the Company's compliance with the relevant legislation and contractual requirements;
3. Should disclose immediately all contractual interests whether directly or indirectly with the Company;
4. Should at all times act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties; and
5. Relationship with shareholders, employees, creditors and customers:

    (i) should be conscious of the interest of shareholders, employees, creditors and customers of the Company;
    (ii) should at all times promote professionalism and improve the competency of management and employees; and
    (iii) should ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

The conduct of the Board is also governed by the Constitution of the Company and the relevant laws and regulations in Malaysia.

The Board has approved a Code of Conduct to be observed by all the employees of the Group. The Code of Conduct is published on the intranet of the Group and is accessible by all the employees.

The Board ensures adequate policies and procedures and controls on anti-corruption practices are established to prevent any bribery or corruption practices within the Group. The policies on anti-corruption set out the responsibilities of the Directors and employees of the Group in regards to observing and upholding the Group's zero-tolerance position on bribery and corruption.

The Board has put in place a Whistle Blowing Policy to enable the Group to take necessary measures so as to minimise, discourage, detect and prevent any form of unlawful, unethical, non-compliance and questionable practices within the Group. The Board has entrusted the Board Audit & Risk Management Committee to oversee the implementation of the Whistle Blowing Policy. The policy is accessible via intranet of the Group and employees are encouraged to report in good faith if they are aware of any wrongdoing, malpractice or corporate misdeed has been, is being, or is likely to be committed within the Group. The Board Audit & Risk Management Committee, upon receiving any report and after appropriate verification of the matter, would decide on the next course of actions.

II. Board Composition

Throughout the financial year ended 31 December 2019, the Board comprised six (6) Directors, three (3) of whom are Independent Directors. The Board therefore has exercised its judgement that the composition of the Board with six (6) members fairly reflects the investment in the Company by all its shareholders and is appropriate to protect the interest of all the shareholders.

Following the demise of Dato' Othman bin Abdullah, an Independent Non-Executive Director, on 4 April 2020, the Board's composition has reduced to five (5) Directors, two (2) of whom are Independent Directors. The Board will fulfil the requirements of the Code which stipulates at least half of the Board should comprise independent directors in due course.

The Board has identified Datuk Kamarudin bin Md Ali, the chairman of the Board Audit & Risk Management Committee, as the Independent Non-Executive Director to whom concerns may be conveyed, who would bring the same to the attention of the Board.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

There is a clear division of responsibilities between the Chairman and the Managing Director and the presence of independent oversight by the Independent Directors to ensure a balance of authority and power within the Board. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Board recognises the importance and contribution of its Independent Non-Executive Directors. They represent the element of objectivity, impartiality and independent judgment of the Board. This ensures that there is adequate check and balance at the Board. The Independent Directors of the Company provide the Board with vast and varied management exposure, expertise and broad business and commercial experiences.

The Board is of the view that a director's independence should not be determined solely based on the tenure of service and the continued tenure of directorship brings considerable stability to the Board. The Company benefits from Directors who have, over time, gained valuable insight into the Group. The ability and effectiveness of an independent director is dependent on his calibre, qualification, experience, integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company and to safeguard the interests of the shareholders of the Company. Amongst various matters taken into consideration, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and the merit of refreshing the Board. In Year 2015, the Board approved a policy on the tenure of independent directors ("Policy on Tenure of Independent Directors") which sets a cap of twelve (12) years for the tenure of Independent Directors. Upon completion of twelve (12) years, such Directors can be re-designated as Non-Independent Directors.

As at the Fourteenth Annual General Meeting of the Company held on 27 June 2019, Datuk Kamarudin bin Md Ali, Dato' Othman bin Abdullah and En Mahadzir bin Azizan had served as Independent Non-Executive Directors of the Company for thirteenth (13) years. Despite the twelve (12) year cap set on the tenure of Independent Directors under the Policy on Tenure of Independent Directors, the Board after careful consideration, had provided justification and support for the continuation of the three Directors in office as Independent Non-Executive Directors. The Company had sought and obtained approval of the shareholders at the Fourteenth Annual General Meeting through a two-tier voting process on the continuation of Datuk Kamarudin bin Md Ali, Dato' Othman bin Abdullah and En Mahadzir bin Azizan as Independent Non-Executive Directors of the Company until the conclusion of the forthcoming Fifteenth Annual General Meeting.

At the forthcoming Fifteenth Annual General Meeting, the Board would seek shareholders' approval to enable Datuk Kamarudin bin Md Ali and En Mahadzir bin Azizan to continue serving as Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting of the Company. The justifications to support the resolutions for their continuing in office as Independent Non-Executive Directors would be set out in the notice of the forthcoming Fifteenth Annual General meeting. The approval of shareholders would be sought through a two-tier voting process as described in Practice 4.2 of the Code.

The Board Nomination Committee ("BNC") was set up on 27 September 2006. It comprised three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director throughout the financial year ended 31 December 2019 as follows:

- Dato' Othman bin Abdullah (Chairman)
- Datuk Kamarudin bin Md Ali
- En Mahadzir bin Azizan
- Mr Gareth Lim Tze Xiang

Subsequent to the financial year ended 31 December 2019, on 26 February 2020, the BNC was merged with the Board Remuneration Committee into one single committee and renamed as the Nomination and Remuneration Committee ("NRC"). The NRC currently comprises the following members:

- En Mahadzir bin Azizan (Chairman)
- Datuk Kamarudin bin Md Ali

The NRC assumes the roles and responsibilities of the BNC and Board Remuneration Committee and shall discharge its functions efficiently and effectively according to its terms of reference.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

A summary of the main activities undertaken by the BNC in the discharge of its duties for the financial year ended 31 December 2019 is as follows:

1. Evaluated the performance of the Board and Board Committees with regard to their structure, operations and role and responsibilities;
2. Assessed the qualification, level of time commitment, skills and experience of individual Directors;
3. Assessed the independence of Independent Directors;
4. Assessed the re-appointment of retiring Directors at the annual general meeting;
5. Assessed the appointment of Alternate Director;
6. Assessed the performance of key senior management;
7. Reviewed the terms of reference of the BNC;
8. Made available to Directors the relevant training programme on a regular basis; and
9. Facilitated board induction by providing annual report and board induction manual.

The BNC is responsible for assessing and recommending new nominees to the Board, re-appointment of retiring Directors as well as Directors to fill seats on Board Committees; assessing the effectiveness of the Board and the Board Committees; and to review the required mix of skills, experience and other qualities which Directors should bring to the Board. The BNC is responsible to assess the independence of Independent Directors based on the criteria established by the BNC in line with the Listing Requirements of Bursa Securities, the Company's Policy on Tenure of Independent Directors and as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities. The BNC is also responsible to assess and recommend to the Board the appointment of Chief Executive Officer, oversee the succession of Board members and Chief Executive Officer and evaluate the performance of the Managing Director and other key senior management of the Group. The BNC facilitates board induction and oversees continuing education programmes to be provided to Board members in areas that would strengthen their contribution to the Board. The terms of reference of BNC is reviewed at least once a year and updated as appropriate to reflect changes to regulations and the Company's circumstances that might impact upon the responsibilities of the BNC.

The BNC is chaired by an Independent Director. The Chairman of the BNC leads in recruitment of candidates for Board members and key senior management and leads the annual assessment of the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The Chairman of the BNC reports to the Board its proceedings after each meeting on all matters within its duties and responsibilities. The minutes of the BNC meetings are tabled to the Board for notation.

The assessment on the effectiveness of the Board and the Board Committees is undertaken via Evaluation Form comprising questions related to Board's structure, Board's operations, Board's roles and responsibilities, Board Chairman's role and responsibilities and Board Committees of the Company. The Evaluation Form is completed by each BNC member and kept by the Company Secretaries. The findings from the Evaluation Form are compiled and tabled to the BNC for discussion. Subsequently, relevant report with views and recommendations of the BNC are prepared and presented to the Board for consideration. The effectiveness of the Board and Board Committees is assessed in the areas of composition, mix of skills and experience, administration and process of meeting, quality of decision making, contribution and commitment.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

In the assessment of individual Directors by the BNC, the skills and experience of individual Directors are reviewed to ensure the composition of the Board is appropriate with a good mix of skills and core competencies in order to discharge its duties and responsibilities and to meet the business needs of the Group. The level of time commitment of individual Directors to discharge their responsibilities is assessed based on the record of their attendance at the Board and Board Committee meetings held during the financial year, the number of directorships in public listed companies held by them and their participation in continuing training programme and/or non-structured continuing professional development through reading articles relating to topics relevant to the business of the Group. In the case of Independent Directors, their independence is assessed by the BNC based on the criteria established by the BNC in line with the Listing Requirements of Bursa Securities, the Company's Policy on Tenure of Independent Directors and as suggested in Exhibit 8 of the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) issued by Bursa Securities. The assessment is undertaken to ensure that Independent Directors are able to continue to provide independent view to the deliberation and decision making of the Board and Board Committee meetings and act in the best interest of the Company. The BNC deliberates on the outcome of the annual assessment on individual Directors and independence of Independent Directors and presents the outcome with their views and recommendations to the Board for consideration.

For appointment of new Director, the selection of candidates is facilitated through recommendations from the Directors or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. In assessing the suitability of a new Director appointment, the BNC takes into consideration a candidate's skills, knowledge, experience, competency and other relevant factors as may be determined by the BNC which would contribute to the Board's mixed of skills. Capabilities, integrity, reputation, time commitment of a candidate to discharge his duties and responsibilities and contribution that a candidate would bring to the Board and to the Group and other appropriate character and requisite quality of that person are also be taken into account by the BNC in the assessment of appointment of new Director. Bankruptcy search is conducted on the candidate as part of the suitability assessment. The BNC deliberates on the results of the assessment on the candidate for appointment to the Board and reports their recommendations to the Board for approval.

The consent of retiring Directors for their re-election at annual general meeting is obtained and bankruptcy search is conducted on them before the BNC reviews on the re-election of retiring Directors. In considering re-election of retiring Directors, due regard is given to a Director's skill, experience, contribution at Board and Board Committee meetings and time he has devoted to discharge his duties. The BNC deliberates on the results of annual assessment and bankruptcy search conducted on them and their performance and attendance at the Board and Board Committee meetings and reports their recommendations to the Board for consideration.

The BNC assesses the performance of the Managing Director and other key senior management of the Group based on their contribution, commitment and achievement of targets set in the business plan approved by the Board.

For the financial year under review, the BNC assessed the performance of the Board and the Board Committees and reviewed the skill and experience of individual Directors, and was satisfied that expectations have been met. The BNC assessed independence of Independent Directors based on the criteria set in the annual assessment of their independence and was satisfied with the results of the assessment. The BNC considered the skills, experience, contribution and level of time commitment of the Directors who are subject to retirement by rotation at the forthcoming Fifteenth Annual General Meeting and assessed that the retiring Directors are fit and proper persons for re-election as Directors of the Company. The BNC evaluated the performance of the Managing Director and key senior management of the Group for the financial year under review and ascertained that they are fit and proper to manage the business of the Group; and the Board was informed of this accordingly.

During the financial year, there was an appointment of Alternate Director and the selection of candidate was facilitated through recommendation from the existing Director. The BNC had assessed that the candidate was fit and proper to be appointed as Alternate Director and recommended his appointment to the Board for approval. With the assistance of the Company Secretaries, the BNC had provided the Alternate Director the Company's latest Annual Report and a board induction manual to facilitate initial introduction to the Group and for ongoing reference. The contents of said manual included group structure, substantial shareholding structure, extract of the Constitution of the Company and Listing Requirements of Bursa Securities pertaining to Directors and their powers and duties, proceedings of Directors, Board Charter, terms of reference, schedule of meetings of Board and respective Board Committees and contact details of the Directors.

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II. Board Composition (continued)

The Board aims to maintain a diversity of expertise, skills, competency, personalities and attributes among the Directors so as to provide a comprehensive range of perspectives and experiences, resulting in improved decision making. The Board members are persons of high calibre and integrity and are able to devote sufficient time to discharge their duties. Whilst the Directors recognise the contribution that women could bring to the Board, it has not established a specific target for the appointment of women candidates in its recruitment of Directors. The Board supports the policy of non-discrimination on gender, ethnicity and age for the Board and the workforce. The Board will only set aside specific targets in relation to gender and ethnicity and age diversity if the situation so requires and if it is in the best interest of the Company.

III. Remuneration

The Board Remuneration Committee ("BRC"), set up on 27 September 2006, comprised one (1) Independent Non-Executive Director and one (1) Non-Independent Executive Director as at 31 December 2019 and the members were as follows:

- En Mahadzir bin Azizan (Chairman)
- Dato' Lim Kian Onn

On 26 February 2020, the BNC and the BRC were merged into one single committee and renamed it as the Nomination and Remuneration Committee which shall carry out the duties and responsibilities of the BRC with respect to remuneration matters.

The BRC is responsible for assessing and recommending to the Board the remuneration of Directors and key senior management, and the payment of performance bonus and salary increments for employees of the Group. The BRC members shall abstain in discussion and voting on their individual remuneration.

The Chairman of the BRC reports to the Board its proceedings after each meeting on all matters within its duties and responsibilities. The minutes of the BRC meeting are tabled to the Board for notation. The terms of reference of BRC is reviewed at least once a year and updated as appropriate to reflect changes to regulations and the Company's circumstances that might impact upon the responsibilities of the BRC.

The Board has approved a remuneration policy for Directors and key senior management ("Remuneration Policy") which outlines the remuneration framework and procedures to determine the remuneration of Directors and key senior management. The Remuneration Policy is made available on the Company's website at www.ecmlibra.com at the dedicated section on Investor Relations and will be reviewed at least once a year to ensure it continues to remain appropriate and fit for its purpose.

The remuneration framework entails annual performance review against key performance indicator to evaluate performance and determine reward for Executive Directors and key senior management with emphasis being placed on financial performance of the Group as well as the individual performance, experience, scope of work and responsibilities, aims at to attract, motivate and retain the right employees. The remuneration of Executive Directors and key senior management comprises salary, defined contribution plan, monetary incentives and other fringe benefits.

For Non-Executive Directors, the level of remuneration would commensurate with the experience and level of responsibilities undertaken by them. The remuneration of Non-Executive Directors comprises annual Directors' fees, an allowance of RM1,000 for every Board and Board Committee meeting attended, medical coverage and other claimable benefits. The remuneration of Non-Executive Directors shall be reviewed annually and subject to the approval of the shareholders at the annual general meeting.

corporate governance overview statement
continued

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

III. Remuneration (continued)

The details of the remuneration of the Directors of ECMLG received/receivable from the Company and Group for the financial year ended 31 December 2019 are set out below:

	Group				Company			
	Salaries RM'000	Director fees RM'000	Other emoluments[1] RM'000	Total RM'000	Salaries RM'000	Director fees RM'000	Other emoluments[1] RM'000	Total RM'000
Executive Directors								
Dato' Seri Kalimullah bin Masheerul Hassan	900	-	135	1,035	900	-	135	1,035
Dato' Lim Kian Onn	1,320	-	198	1,518	1,320	-	198	1,518
	2,220	-	333	2,553	2,220	-	333	2,553
Non-Executive Directors								
Datuk Kamarudin bin Md Ali	-	53	30	83	-	53	25	78
Dato' Othman bin Abdullah	-	48	15	63	-	48	15	63
En Mahadzir bin Azizan	-	50	31	81	-	50	26	76
Mr Gareth Lim Tze Xiang	-	33	9	42	-	33	9	42
	-	184	85	269	-	184	75	259
Total Directors' Remuneration	2,220	184	418	2,822	2,220	184	408	2,812

Note:

[1] "Other emoluments" represents the Company's contribution to Employees Provident Fund for Executive Directors and allowances for Non-Executive Directors.

The remuneration of the senior management of ECMLG Group (not including Executive Directors) for the financial year ended 31 December 2019 is set out below:

Range of Remuneration	Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1
RM350,001 to RM400,000	1
RM550,001 to RM600,000	1
RM600,001 to RM650,000	1
Total	5

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board Audit & Risk Management Committee ("BARMC") of the Company comprises solely Independent Directors since it was established on 28 June 2006. The position of Chairman for the Board and the BARMC are held by two different Directors. There are separations of roles and responsibilities between both the Chairmen to avoid any impairment in objectivity of the Board and BARMC. None of the members of the BARMC is a former key audit partner. A Director who is a former key audit partner will only be appointed to the BARMC after he has passed the two (2) year cooling-off period. To be in line with the Code, the terms of reference of the BARMC have included all the above terms.

The Board, through the BARMC, has an appropriate and transparent relationship with the external auditors. The BARMC undertakes an annual assessment of the suitability and independence of the Group's external auditors according to the guidelines and procedures set out in the External Auditors Assessment Policy before recommending their re-appointment to the Board and shareholders for approval. The BARMC with the feedback provided by management assesses the external auditors via evaluation form comprising various questions which structured to test on the suitability and independence of external auditors. In undertaking the assessment, due consideration is given to the adequacy of resources of the external auditors to manage and undertake the audit, the level and quality of service provided by the external audit team, communication between the external auditors and management as well as the competence, knowledge, experience and independence of advice provided by the engagement partner. Based on the results of the evaluation, the BARMC considers and recommends the re-appointment of external auditors to the Board for consideration. The contracts for provision of non-audit services will not be entered into with the external auditors if there is a conflict of interest and the task to be performed required the services of internal auditors. The appointment of the external auditors for provision of non-audit services must be assessed and reviewed by the BARMC according to the principles and criteria set out in the External Auditors Assessment Policy before recommending to the Board for approval. The BARMC will ensure the provision of non-audit services by the external auditors do not interfere with the exercise of independent judgement of the external auditors and shall not be in conflict with their duties as statutory auditors.

At the Fourteenth Annual General Meeting of the Company held on 27 June 2019, the shareholders had approved the re-appointment of the external auditors and their tenure shall lapse at the conclusion of the forthcoming Fifteenth Annual General Meeting. The BARMC has assessed the suitability and independence of external auditors and recommended the re-appointment of external auditors to the Board for endorsement. Based on the recommendation from the BARMC, the Board has assessed and deliberated the suitability and independence of external auditors and is satisfied that the external auditors have met the criteria and accordingly, the Board has recommended their re-appointment for approval of shareholders at the forthcoming Fifteenth Annual General Meeting.

The members of the BARMC are kept abreast with the relevant development in accounting standards, practices and rules by the Chief Financial Officer and external auditors. All members of the BARMC are financially literate and are able to understand matters under the purview of the BARMC including the financial reporting process.

II. Risk Management and Internal Control Framework

The Statement on Risk Management & Internal Control as set out on pages 23 to 25 provides an overview of the management of risks and state of internal controls within the Group and the features of the risk management and internal control framework and the adequacy and effectiveness of this framework.

The internal audit function of the Group has been outsourced to an independent internal audit service provider ("Internal Auditors") who reports directly to the BARMC. The BARMC relies on the support of the Internal Auditors to ensure the internal audit function is effective and able to function independently. During the financial year, the BARMC reviewed and approved the internal audit plan. Based on the approved internal audit plan, the Internal Auditors scheduled and conducted internal audit reviews and subsequently provided the BARMC with reports highlighting outcome of the review and their recommendations; as well as reporting on management action taken to redress any lapses.

The internal audit personnel are not related to any of the Directors of the Company and have no conflict of interest with ECMLG.

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

I. Communication with Stakeholders

The Company is committed to provide all stakeholders with timely and equitable access to material information that is comprehensive and accurate to ensure its compliance with the disclosure requirements as set out in the Listing Requirements of Bursa Securities and other applicable laws. In line with this commitment and for transparency and accountability, material corporate disclosures are deliberated by the Board before being released to the public.

The Company's website, www.ecmlibra.com, serves as the main mean of communication of the Company to reach its shareholders and general public. To maintain transparency and to promote the timely dissemination of corporate disclosures, all information made public to Bursa Securities, such as the Company's Annual Report, the quarterly financial results, all corporate announcements and circular to shareholders together with the Board Charter, the Code of Ethics, the terms of reference of Board Committees and other corporate information are made available on the Company's website at the dedicated section on Investor Relations. The Company would also publish summary of the key matters discussed at the general meeting as soon as practicable on the Company's website.

The contact details of the Company are published on the website of the Company and stakeholders can contact the Company if they require further details of the Company. The management has the option of calling for meetings with investors/analysts if it is deemed necessary. Besides that, the Board has identified the Company Secretaries as the liaison persons of the Company whom shareholders can refer to if they require any assistance on matters affecting their interests. The contact details of the Company Secretaries are published on the website of the Company. The Board is of the opinion that all these arrangements have been satisfactory to all stakeholders.

II. Conduct of General Meetings

The Company's annual general meeting serves as the main forum for dialogue with shareholders. The Board took cognizance of the Code which states that notice for an annual general meeting should be given to shareholders at least twenty-eight (28) days prior to the meeting. The notice of annual general meeting of the Company is sent out together with the annual report to shareholders at least 28 days prior to the date of the annual general meeting. The notice of annual general meeting is also being published in the press and on the website of the Company and made public via Bursa Securities. The Board with the assistance of the Company Secretaries ensures the notice of annual general meeting to shareholders contains sufficient information related to the resolutions to be discussed and decided at the annual general meeting.

The date for annual general meeting is made available to the Directors in advance before the end of the financial year which allows the Directors to plan ahead with their schedule. The attendance of the whole Board at the annual general meeting will provide an opportunity for shareholders to communicate with each Director and for the Board to clarify and elaborate on issues raised by shareholders at the meeting. The Board includes the Chairmen of the Board Committees will also be at the annual general meeting to answer questions from shareholders on the respective committees' activities. Hence, shareholders will have sufficient information to make informed voting decision at the meeting.

Shareholders are encouraged to attend the annual general meeting, to communicate with the Board, to participate in the question and answer session and to vote on all resolutions set out in the notice of meeting. Shareholders who are unable to attend the annual general meeting are encouraged to appoint proxy/proxies (not more than two proxies) to attend, speak and vote on their behalf. For the convenience of shareholders, the Company will have its annual general meeting at a venue that is accessible by public transportation. With sufficient notice of annual general meeting given to shareholders, shareholders who are unable to attend the meeting will have sufficient time to appoint their proxies to attend, speak and vote on their behalf.

This Statement was approved by the Board on 20 May 2020.

statement on risk management & internal control

Responsibility

The Board of Directors ("Board") is responsible for managing the risks of the Group and its system of internal control as well as reviewing its adequacy and integrity. The Board recognises that the Group's system of risk management & internal control is designed to manage and minimise the risk of failure to achieve the Group's objectives. Hence, it is able to only provide a reasonable and not absolute assurance against a material misstatement of management and financial information or against financial losses and fraud. This on-going process has been in place during the financial year under review and up to the date of approval of the Statement on Risk Management & Internal Control for inclusion in the Annual Report.

Key Processes

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Group, and the said process is reviewed by the Board and accords with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

The Board has appointed the Board Audit & Risk Management Committee ("BARMC") comprising Independent Directors to examine the effectiveness of the Group's risk management policies, processes and infrastructure which are established to manage various types of risks and to ensure an effective internal audit function. This is accomplished through the Head of Risk Management and the independent outsourced internal auditors ("Internal Auditors") who undertake the internal audit function for the Group. The focus is on areas of priority identified through risk assessment and in accordance with the plans approved by the BARMC. In the process of risk identification and evaluation, a "bottom-up" approach is adopted. Specific risks are identified by the respective business/operating units and self-assessed with guidance by the Head of Risk Management in the identification, evaluation and quantification, monitoring and management of such risks undertaken by the Group as a whole. The regular risk assessment exercise using the bottom-up approach promotes risk awareness and facilitates the effective control and management of potential risks for the Group, as risk identification, evaluation and mitigation are reported to the Head of Risk Management for review and reporting to top management and the BARMC, for high-level direction and management, where applicable.

The Head of Risk Management undertakes the risk management function of the Group and reports to the BARMC. In identifying risks, the Head of Risk Management covers regulatory compliance, operational, financial, legal and cyber risks and so forth. The BARMC reviews the Risk Management Framework and Risk Management Procedure Manual applicable to the Group before recommending to the Board for approval. The Risk Management Framework and Risk Management Procedure Manual are subject to review annually, or as and when there are any material changes in the regulatory requirements and business environment. The Risk Management Framework outlines the approach and management structure in the Group towards the management of risk. It further provides for a general framework in the methodologies and processes adopted by the Group in identifying, monitoring and reporting risk. Likewise, the Risk Management Procedure Manual lays out the procedures in the Group's approach towards risk management. The Risk Management Framework encompasses the following:

1. Identifying the full spectrum of risks including potential risks; segregation of controllable from uncontrollable risks and identifying causes for the risk occurrences;

2. Assessing risk severity and probability, and combining estimates of severity and probability in the context of existing control measures;

3. Comparing the risk exposures to the entity's risk appetite and identifying those risk exposures that are deemed as unacceptable;

4. Identifying risk mitigation actions; instituting an on-going review of risk and controlling its effectiveness as the business and environment changes, with tighter monitoring in areas of greatest change and risk, and assessing the quality and appropriateness of mitigation actions; and

5. Providing timely exception and periodic reports to facilitate informed risk management decisions.

The BARMC reviews periodic reports from the Head of Risk Management on risk management related to business and activities of the Group to ensure proper management of risks and appropriate measures are taken on a timely basis to mitigate any identified weaknesses in the control environment.

statement on risk management & internal control
continued

Key Processes (continued)

In carrying out its responsibilities, the BARMC relies on the support of the Head of Risk Management and the Internal Auditors who report directly to the BARMC, in providing assurance on the adequacy and effectiveness of internal controls. The Head of Risk Management provides the BARMC with periodic reports pertaining to compliance with internal risk management policies and parameters as well as compliance with relevant regulatory and statutory requirements. The Internal Auditors conduct internal audit reviews and provide the BARMC with reports highlighting the outcome of the review on the adequacy and effectiveness of internal controls; as well as reporting on management action taken to redress lapses, if any, and to enhance the system of internal control.

The framework of the Group's system of internal control and key procedures include:

- a management structure with clearly defined lines of responsibility and appropriate levels of delegation to govern the Group's business activities to be consistent with the Group's overall business objective and risk appetite and subjected to adequate risk management and internal controls;

- clear definitions of limits of authority to cover inter alia the day-to-day operations, credit limit, investment and capital expenditure. The limits of authority have been approved by the Board and put in place to ensure control procedures and limits are implemented and complied with;

- key functions such as finance, credit control, human resources and legal matters are controlled centrally. Internal control measures such as segregation of duties, independent checks, segmented system access controls and multi-tier authorisation processes are put in place to ensure these key functions are operating within the control environment;

- the management determines the applicability of risk monitoring and reporting procedures and is responsible for the identification and evaluation of significant risks applicable to their areas of business and operation together with the design and operation of suitable internal controls. The business and support units each undertakes periodic self-assessment to identify and assess the effectiveness of the controls put in place for all material activities, processes and systems to manage the risks identified. The undertaking of self-assessment serves as an early warning tool to drive appropriate management action before the risks materialise into losses;

- policies and procedures with embedded internal controls are documented in a series of Policies and Procedures that are subject to periodic review for updating of any changes in operational processes or regulatory requirements. The business and support units in the Group are guided by the Policies and Procedures in performing their duties to ensure compliance with internal controls and relevant laws and regulations;

- corporate values, which emphasise on ethical behaviour and quality services, are formalised into a Code of Conduct as set out in the Group's Employee Handbook and the Board Charter. The Code of Conduct provides guidance to the Directors and employees of the Group on expected moral and ethical behaviour in carrying out their duties; and

- updates relating to regulatory requirements/guidelines from Bursa Malaysia Securities Berhad, Securities Commission Malaysia and other regulatory bodies are disseminated to the relevant employees of the Group on a timely manner to ensure compliance of the activities of the Group with the relevant regulatory requirements.

The Group has put in place a Whistle Blowing Policy that governs reporting and investigations of allegations of suspected improper/unethical activities, violations of the laws, regulations, internal policies, procedures, guidelines and code of ethics as well as whistle blower protection. The Whistle Blowing Policy is incorporated in the Employee Handbook accessible to the employees of the Group. The BARMC has been entrusted by the Board to be responsible for overseeing the application of the Whistle Blowing Policy for the Group.

On a yearly basis, all the business units within the Group draw up their business plan and budget, for the Board's approval and their performance are tracked on a monthly basis as part of the overall management of the business risk.

Key Processes (continued)

As required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report. Based on their limited assurance procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Statement on Risk Management & Internal Control is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement on Risk Management & Internal Control factually inaccurate.

The Board confirms that there is an on-going process that has been in place throughout the financial year ended 31 December 2019 for identifying, evaluating and managing significant risks faced by the Group. The Board has reviewed the adequacy and effectiveness of the risk management and internal control system within the Group for the financial year with the support of the Head of Risk Management and Internal Auditors. From the review, no significant control weaknesses that have resulted in any material loss to the Group were identified during the financial year under review. The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the Group's risk management and internal control system is adequate and sufficient after taking into consideration of the on-going processes in place for identifying, evaluating and managing significant risks faced by the Group and the assurance from the management; and after taking into account of any material development up to the date of approval of this Statement on Risk Management & Internal Control for inclusion in the Annual Report. The Board opines that the risk management and internal control system provides reasonable assurance that the structure and operation of controls are appropriate for the activities of the Group so as to safeguard the assets and the interests of stakeholders of the Group, and for the Group to achieve its objectives.

This Statement was approved by the Board on 20 May 2020.

chairman's statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our 2019 annual report.

On Business and Financial

2019 was indeed a year in which ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) ("Group") continued to ramp up its hospitality business.

The Group will have a portfolio of seven hotels when the present corporate exercise is completed. The seven hotels are:

1. Tune Hotel Penang;
2. Tune Hotel Kota Kinabalu;
3. Tune Hotel KLIA Aeropolis;
4. Tune Hotel KLIA2;
5. Tune Hotel Danga Bay;
6. The Chow Kit, an Ormond hotel; and
7. MoMo's Kuala Lumpur.

The year saw the Group complete its disposal of Libra Invest Berhad for a cash consideration of RM50.78 million. This yielded a RM35 million gain on disposal and marked the exit of the Group in fund management business.

The year also saw the Company change its name from ECM Libra Financial Group Berhad to ECM Libra Group Berhad to better reflect the businesses in view of the disposal of the fund management business and inclusion of hotel ownership and management.

The Group registered a profit after taxation of RM30.334 million for the financial year ended 31 December 2019 ("FY2019") from RM5.136 million in the previous year ended 31 December 2018 ("FY2018"). A substantial portion of the FY2019 profit was contributed by the fund management segment which reported a gain of RM35 million on the sale of the entire fund management business.

Other comprehensive income recorded a loss of RM1.944 million in FY2019 compared to a loss of RM0.694 million in FY2018. Higher loss was due largely to lower market value of quoted investment of RM1.381 million and foreign currency translation loss of RM0.563 million on investments denominated in foreign currencies.

Earnings per share improved from 1.30 sen in FY2018 to 6.32 sen in FY2019 while the net assets per share gained 6 sen from 36 sen in FY2018 to 42 sen in FY2019.

The group is in a net cash position, with cash and cash equivalents at RM55.988 million and a manageable bank borrowing of RM18.947 million as at the end of FY2019.

On business outlook, the near term outlook is very tough with the COVID-19 outbreak. The operating conditions have become difficult and the Group's hospitality assets are likely to under perform in 2020 in light of the suspension of air services and the closure of national borders regionally and the Government of Malaysia mandated restriction of movement. The Group is streamlining its cost and operating structure within the hospitality division to emerge stronger from this difficult period.

In view of the uncertain market conditions, the Board of Directors does not recommend any dividend payment for FY2019.

On Corporate Social Responsibilities

ECM Libra Foundation ("ECMLF"), funded by its founding partners, has been the Group's philanthropic arm since its inception in October 2004. Since then, the Foundation has endeavored to uplift the underserved and underprivileged Malaysian through education.

We believe that a nation can only be as good as its people; and hence, our pursuit of providing skills and an education for those without means.

In that quest, ECMLF has spent tens of millions of ringgit during this 15-year period, setting up tuition centers, hostels for the rural poor, refurbishing broken down classrooms, funding NGOs and organisations which have developed skill-training programs both for students and teachers.

One such program which the ECMLF is proud to be involved and associated with is *Edvolution* Education, a three-year Teacher Empowerment for School Transformation (TEST) programme which started in 2018.

In the last two years, *Edvolution* weathered various challenges and eventually, in December 2019, the Ministry of Education (MOE) acknowledged that the TEST program had been successful in imparting new skills to teachers. Teachers found that they could apply these skills to resolve issues in their schools and facilitate change.

As an example, of the 14 schools participating in the TEST programme, SMK (L) Methodist showed a marked improvement in student attendance to 91.75% from 85% previously. SMK (P) Sri Mutiara, for example, reported an increase in students submitting their school work.

Further, teachers in the participating schools showed a higher degree of satisfaction that they were developing their professional career and were being included in decision making processes by their school's leadership. There was significant change in the ecosystem as a result of this program.

It is understood that the MOE is considering expanding this program to other schools throughout the country and ECMLF is proud to continue being involved in TEST.

ECMLF continues to fund infrastructural needs of schools, for example, building a new block for SJKC Manong, Perak. The old wooden building was on the brink of collapse due to termite infestation.

ECMLF also funded the building of washrooms for SJKT Pulau Carey; purchase of new tables and chairs for SMK Air Merah, Kulim, and SMK Methodist Sg Siput; and also sponsored for the third year running eight primary and secondary schools for the Negeri Sembilan Cricket Association's junior development program. One of these schools, Sekolah Kebangsaan King George V emerged the Champion for the Tun Ahmad Sarji Elite U12 Championship in 2019.

The Foundation has also continued its long-standing work with marginalized communities such as the Orang Asli and indigenous groups in Sabah and Sarawak.

ECMLF continues to fund pre-school education in Long Itam and Long Kawi, two Penan villages located in the interior of Sarawak.

The Foundation had also funded the education of two girls from these villages who were enrolled in the Early Childhood Education Programme in Nottingham University Malaysia. They have since completed their foundational studies and are now enrolled for the Bachelor Degree of the same programme. When they finish their studies, they will be the first ever from their villages to graduate.

The Foundation sponsored 13 Orang Asli girls from Melaka and Pahang who attended YWCA's Vocational Training Center and have successfully graduated in Culinary & Bakery, Hairdressing & Beauty Care and Sewing & Tailoring courses. We are hopeful that with the skills acquired, they will be empowered to improve their families' economic status. Our objectives are two-pronged, apart from hoping to uplift them economically; we are hopeful that they will become role models for their communities, and can inspire others to follow suit.

Apart from that, the Foundation continued to fund leadership camps, tuition programs, supporting children with special needs by donating computers to the Yayasan Orang Kurang Upaya Kelantan. ECMLF also donated a van to the Monfort Boys Town to replace their previous vehicle which was beyond repair.

chairman's statement continued

On Corporate Social Responsibilities (continued)

The Group, through ECMLF, is continuing to seek programs, especially in the current tough economic times, to enable more Malaysians to acquire skills and an education.

Appreciation

I would like to thank our staff for their commitment, dedication and support which enabled us to achieve our milestones. I would also like to thank you, our shareholders for your confidence and trust in us steering the Group.

We look forward to a successful 2020 as we continue to build capacity in the hospitality business, with the hope that the issues beyond our control, such as the COVID 19 are contained, to ensure long-term prospects for the Group. I once again thank you for your continued support.

Dato' Seri Kalimullah bin Masheerul Hassan
Chairman of the Board of Directors

management discussion and analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) ("ECM Libra" or the "Company") and together with its subsidiaries (the "Group") are involved in the following business segments:-

- Hospitality Business;
- Structured Financing;
- Investment Holding; and
- Fund Management

On Hospitality Business, ECML Hotels Sdn Bhd, a wholly owned subsidiary, owns and operates two hotels – Tune Hotel Penang and Tune Hotel Kota Kinabalu as at the financial year ended 31 December 2019 ("FY2019"). The Group also has a 50% equity interest in OHG Services Sdn Bhd (formerly known as TP Sepang Sdn Bhd) which holds the concession to manage and operate the Tune Hotel KLIA2.

Subsequent to FY2019, the Group has on 2 January 2020 completed the acquisition of the rights to operate and maintain Tune Hotel KLIA Aeropolis.

Under the corporate exercise announced on 8 August 2019, the Group will acquire another three hotels, namely Tune Hotel Danga Bay and two hotels under renovation in Kuala Lumpur, known as "The Chow Kit, an Ormond hotel" and "MoMo's Kuala Lumpur".

The Group, upon completing the current corporate exercise, will have a portfolio of seven hotels. They are: (1) Tune Hotel Penang; (2) Tune Hotel Kota Kinabalu; (3) Tune Hotel KLIA Aeropolis; (4) Tune Hotel KLIA2; (5) Tune Hotel Danga Bay; (6) The Chow Kit, an Ormond hotel; and (7) MoMo's Kuala Lumpur.

On Structured Financing, it involves structured lending and financial services-related activities, operate under ECM Libra Partners Sdn Bhd, a wholly owned subsidiary.

On Investment Holding, it involves general investments and corporate-related activities carrying out by the Company, investing in education, manufacturing and property investments-related businesses.

On Fund Management, it involves the management of unit trust funds and asset management, under Libra Invest Berhad, a wholly owned subsidiary. The Group no longer involved in fund management following the disposal of Libra Invest Berhad on the 8 July 2019.

UPDATE ON CORPORATE EXERCISES

(a) The acquisition of Tune Hotel Kota Kinabalu and acquisition of the rights to operate and maintain Tune Hotel KLIA Aeropolis have been completed on 29 April 2019 and 2 January 2020, respectively. The completion of these two acquisitions marked the completion of the entire corporate exercise announced on 4 May 2017.

(b) On 28 March 2019, the Company announced the proposed disposal of its 100% equity interest in Libra Invest Berhad to Kenanga Investors Berhad. The disposal was completed on 8 July 2019 for a total cash consideration of RM50.78 million. The Group reported a gain of RM35 million on the disposal and Libra Invest Berhad ceased to be a subsidiary of the Company following the completion of the disposal.

(c) On 8 August 2019, the Company announced that, ECML Hotels Sdn Bhd, a wholly owned subsidiary, entered into a conditional sale and purchase agreement ("SPA") with OMT Hotels Sdn Bhd (formerly known as Tune Hotels Sdn Bhd) for the proposed acquisition of: (1) Tune Hotel Danga Bay; (2) two hotels under renovation in Kuala Lumpur, namely "The Chow Kit, an Ormond hotel" and "MoMo's Kuala Lumpur" together with a vacant land (for car park use) and (3) hospitality business for a total cash consideration of RM62.04 million. On 16 March 2020, the Company announced that the parties to the SPA had agreed to extend the payment period by 90 days to 15 June 2020 or such longer period as the parties may mutually agree in writing. On 12 June 2020, the Company announced that the parties agreed to further extend the payment period by an additional 90 days commencing from 16 June 2020.

management discussion and analysis continued

REVIEW OF FINANCIAL RESULTS

The Group registered a profit after taxation of RM30.334 million in FY2019 from RM5.136 million in the previous financial year ended 31 December 2018 ("FY2018"). A substantial portion of the FY2019 profit was contributed by the fund management segment which reported a gain of RM35 million on the disposal of the entire fund management business.

Other comprehensive income recorded at a loss of RM1.944 million in FY2019 compared to RM0.694 million loss in FY2018. Higher loss was due largely to fair value loss on lower market value of quoted investment of RM1.381 million and foreign currency translation loss of RM0.563 million on investments denominated in foreign currencies.

REVIEW OF FINANCIAL CONDITION

Liquidity and Capital Resources

The Group has RM202.525 million (2018: RM174.135 million) in shareholders' fund as at 31 December 2019, translating into RM0.42 (2018: RM0.36) per share. Cash and cash equivalents totaled RM55.988 million as at 31 December 2019 (2018: RM13.781 million). The Group's cash flow and liquidity have improved, as indicated by the higher cash and cash equivalents at as 31 December 2019.

Assets

Total assets of the Group as at 31 December 2019 stood at RM227.955 million, an increase of RM36.484 million from RM191.471 million a year ago, attributed largely to the disposal of Libra Invest Berhad which recorded a gain on disposal of RM35 million. Financial assets at fair value through profit or loss amounting to RM20.958 million as at 31 December 2019 refer to investment in unit trust fund which has no fixed maturity period and allows prompt redemption on demand. Trade and other receivables increased by RM20.369 million on payment of renovation cost for The Chow Kit, an Ormond hotel and MoMo's Kuala Lumpur. This sum is recoverable from OMT Hotels Sdn Bhd (the vendor) in the event the sale and purchase agreement is terminated. Property, plant and equipment increased by RM7.944 million was attributed to the acquisition of Tune Hotel Kota Kinabalu.

Liabilities

Total liabilities of the Group as at 31 December 2019 increased RM8.094 million from RM17.336 million to RM25.43 million. The increase was due largely to the drawdown of RM9 million term loan to fund the acquisition of Tune Hotel Kota Kinabalu.

REVIEW OF BUSINESS SEGMENT OPERATIONS

	FY2019		FY2018	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Continuing Operation:				
Hospitality	8,006	(797)	1,434	1,695
Structured financing	2,131	2,055	5,334	5,287
Investment holding	1,606	(6,278)	376	(6,242)
	11,743	(5,020)	7,144	740

REVIEW OF BUSINESS SEGMENT OPERATIONS (continued)

	FY2019		FY2018	
	Revenue RM'000	Profit/(loss) before tax RM'000	Revenue RM'000	Profit/(loss) before tax RM'000
Discontinued Operations:				
Fund management	6,251	35,647	12,452	2,065
Investment holding (rental)	-	-	-	3,439
	6,251	35,647	12,452	5,504
Total	17,994	30,627	19,596	6,244

Hospitality

Revenue for FY2019 increased RM6.572 million (>100%) on recognition of full year revenue from Tune Hotel Penang and 8 months' revenue from Tune Hotel Kota Kinabalu. In FY2018, Tune Hotel Penang contributed only 3 months' revenue, as the purchase was completed in October 2018. FY2019 saw the addition of Tune Hotel Kota Kinabalu to the Group's hotel portfolio in April 2019. Both Tune Hotel Penang and Kota Kinabalu recorded stable occupancy at 67% and 74% respectively, in FY2019.

On profitability, the Hospitality segment posted a loss before tax of RM0.797 million in FY2019 from RM1.695 million profit before tax a year ago, largely on share of loss of equity-accounted joint ventures of RM1.212 million in FY2019 as compared to RM1.545 million share of profit in FY2018. The reduction was attributed mainly to lower profit contribution from Tune Hotel KLIA 2 and higher losses at TP Hotel (Flinders) Trust ("Flinders Trust"). Flinders Trust recorded a higher loss in FY2019 on additional land tax expense of A$757,679 due to the recent changes in the Australian land tax rules where Flinders Trust was considered an absentee owner as a result of which absentee owner surcharge was levied on its landholding in Melbourne Australia.

Structured Financing

The gross loans, advances and financing portfolio saw a substantial reduction from RM57.903 million in FY2018 to RM5.738 million as at end of FY2019 on repayments by borrowers. In tandem with lower portfolio, the Structured Financing segment recorded a lower revenue and profit before tax in FY2019. Credit quality of loans remains sound with no allowance for expected credit loss or impairment required.

Investment Holding

The Investment holding posted a loss before tax of RM6.278 million in FY2019, largely on operating expenses, which is similar in amount to the loss recorded in FY2018.

MOVING FORWARD

Moving forward, the near term outlook on hospitality business is expected to be very tough with the COVID-19 outbreak. The Group is reviewing its capital expenditure plan and implementing cost management initiatives to manage the near term difficult operating conditions caused by the COVID-19 outbreak.

sustainability statement

This Sustainability Statement issued by ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) ("the Company") provides an overview of sustainability practices of the Company and its subsidiaries (together referred to as "the Group") for the financial year ended 31 December 2019.

The Group strives to uphold its corporate mission to cultivate a caring, responsible and accountable organisation. We are committed to carrying out our businesses in a socially responsible and sustainable manner so as to enhance the quality of life of our society while pursuing business sustainability aimed at creating values for our shareholders and other stakeholders. The Group instills the principles of sustainability into its strategies, policies and procedures, and integrates economic, environmental, social and governance considerations into its decision making.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group and the Company's sustainability strategy are determined by the Board who provides oversight of the corporate sustainability performance. They are assisted by the Board of Audit and Risk Management Committee ("BARMC"). Sustainability governance is also driven at the management level by the Executive Committee ("EXCO") members, chaired by the Managing Director. The EXCO meets on a monthly basis to discuss material issues and strategies pertaining to the Company and the Group.

STAKEHOLDERS' ENGAGEMENT

The Group acknowledges the importance of its stakeholders to the Group's continued success and business sustainability. The Group believes that sustainability can only be achieved with the involvement of all its stakeholders. We strive to improve our stakeholders' engagement through various communication channels and they are described briefly below:

Stakeholders	Mode of communication
Customers	- Face-to-face interaction - Feedback through websites, e-mails and social media
Shareholders	- Quarterly reports, annual report and media releases - Annual general meeting - Company's website
Management	- Monthly business performance meetings - EXCO meetings
Employees	- Trainings - Performance appraisal review - Staff gatherings and other engagement channels
Community	- Company's website - Events such as career fair - Media releases
Government and Regulators	- Meetings and events - Working through external professionals such as solicitors, auditors, tax agents and other consultants

MATERIAL SUSTAINABILITY MATTERS

The Group conducts materiality assessment to identify sustainability issues affecting its business and stakeholders.

The assessment involves the following steps:

1. The Group identifies potential sustainability issues by referencing to the list of material sustainability matters identified by the Group and the Company.
2. The Group prioritises material issues based on its assessment of the impact of the issues to the business and the level of concern to its stakeholders.
3. The material sustainability matters are then validated by EXCO and BARMC.

The material issues identified are as follows:

Material Matters	Definition of Material Matters
Customers' experience	Improving management and operations systems to deliver superior products, services and experience.
Employees' experience	Working environment; employees' career advancement, benefits and rewards; employees' engagement; and employees' rights, ethnicity and gender diversity.
Social and community	Social obligations to uplift the underserved and underprivileged.
Managing the environmental footprint	Energy management to minimise environmental impact from the Group's and the Company's operations.
Good governance	Level of compliance with rules and regulations to ensure operations conform to certain performance parameters.
Cyber security and data privacy	Initiatives taken to protect the Group and the Company from cyber access or attacks.

MANAGEMENT OF SUSTAINABILITY MATTERS

1. Customers' experience

We recognise that to grow sustainably, we need to ensure our customers are satisfied, not only with our products and services but also on how we enhance their experiences while dealing with us. We place high priority on customers' engagement with various customer feedback channels.

2. Employees' experience

We recognise that employees are the key driver of organisations to ensure sustainable business growth. We provide equal employment opportunity to all regardless of race, gender and age group.

We are committed to ensure employees' safety and well-being, and respect the employees' rights, ethnicity and gender diversity. The Group reviews remuneration and benefits of employees on an annual basis by reference to the market rate and conditions, aimed at creating a productive and motivated workforce, attracting talent and employees' retention.

Enhancing the skills of employees is important towards sustainability and growth of a business enterprise. We strive to build a strong culture of learning and to continuously improving employees' skills through on-the-job and off-the-job trainings.

We introduced whistle-blowing policy that serves to provide a platform for employees to report, in good faith and confidence without fear of reprisals and concerns, on any improper conduct within the Group.

MANAGEMENT OF SUSTAINABILITY MATTERS (continued)

3. Social and community

The Group promotes philanthropic activities. ECM Libra Foundation, funded by its founding partners, has been the Group's philanthropic arm since its inception in 2004. Since then, the Foundation has endeavored to uplift the underserved and underpriviledged Malaysian through education.

In that quest, the Foundation has spent tens of millions of ringgit setting up tuition centers, hostels for the rural poor, refurbishing broken down classrooms, funding NGOs and organisations which have developed skill-training programs both for students and teachers.

4. Managing the environmental footprint

We are concerned about environmental issues such as pollution and climate change which affects everyone's quality of life. We are committed to minimising, as far as possible, our environmental footprint by adopting responsible approaches on resources usage.

We encourage our employees to reduce electricity usage wherever possible and to promote energy conservation and efficiency. We promote eco-friendly practices in workplace which include emphasising on the use of recycled paper and practises "no printing unless absolutely necessary" policy.

5. Good governance

Good governance is essential to ensure that the operations of the Group and the Company are managed in a manner where all stakeholders are treated fairly and professionally. A Risk Management Framework has been established and is monitored by the Risk Management Department which reports to BARMC.

6. Cyber security and data privacy

As the world becomes more digitised, we recognise there is an increasing threat of important data being accessed via unauthorised means. We strive to ensure the confidentiality and protection of customers' and stakeholders' information and documents as guided by the Personal Data Protection Act, 2010.

directors' responsibility statement for the audited financial statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cashflows 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 adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia had been followed and the financial statements had been prepared on a going concern basis and in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors also have general responsibility for taking such steps that are reasonably expected of them to safeguard the assets of the Group and the Company, and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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financial statements

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directors' report

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

Principal activities

The principal activity of the Company is investment holding. The principal activities and other information relating to the subsidiaries and joint ventures are disclosed in Note 8 and Note 9 to the financial statements, respectively.

Results

	Group RM'000	Company RM'000
Profit for the financial year attributable to owners of the Company	30,334	33,297

Reserves and provisions

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the current financial year ended 31 December 2019.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

The Company did not issue any debentures during the financial year.

Options granted over unissued shares

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

Directors

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

Dato' Seri Kalimullah bin Masheerul Hassan
Dato' Lim Kian Onn
Datuk Kamarudin bin Md Ali
Dato' Othman bin Abdullah
En Mahadzir bin Azizan
Mr Gareth Lim Tze Xiang
En Akil Hassan bin Kalimullah - alternate director to Dato' Seri Kalimullah bin Masheerul Hassan *(appointed on 10 December 2019)*

Directors of the subsidiaries

The directors of the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report are:

Mr Christopher Mark Anthony Lankester *(appointed on 28 February 2019)*
Mr Lim Kam Choy *(appointed on 30 August 2019)*
En Khairudin bin Ibrahim *(ceased as director of a subsidiary disposed during the year)*
Mr Lee Wei Chung *(ceased as director of a subsidiary disposed during the year)*
Ms Ong Lei Hua *(ceased as director of a subsidiary disposed during the year)*
Mr Ng Cheong Seng *(resigned on 28 February 2019)*

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full time employee of the Company or of its related corporations as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the provision of services including but not limited to management services and tenancies, made by the Company and its related corporations with Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn and corporations in which Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn are deemed to have interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' remuneration

The Directors' remuneration are disclosed in Note 20 to the financial statements.

Directors' interests

The Directors at the end of the financial year who had beneficial interests in the ordinary shares of the Company and/or its related corporations during the financial year ended 31 December 2019, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary shares			
	As at 1.1.2019	**Acquired**	**Sold**	**As at 31.12.2019**
Direct interest in the Company				
Dato' Seri Kalimullah bin Masheerul Hassan	**66,154,362**	4,408,453	-	**70,562,815**
Dato' Lim Kian Onn	**30,569,525**	4,408,453	-	**34,977,978**
Datuk Kamarudin bin Md Ali	**50,000**	-	-	**50,000**
Christopher Mark Anthony Lankester	**214,694**	4,809,221	-	**5,023,915**
Indirect interest in the Company				
Dato' Lim Kian Onn	**130,387,186**	-	-	**130,387,186**

Dato' Lim Kian Onn, by virtue of his interests in the Company and pursuant to Section 8(4) of the Companies Act, 2016, is deemed to have interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors at the end of the financial year had any interest in the shares of the Company and its related corporations during the financial year.

Other statutory information

(I) At the end of the financial year:

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

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

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) In the opinion of the Directors, except for those disclosed in the financial statements, the results of the operations of the Group and of the Company during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature.

Other statutory information (continued)

(II) From the end of the financial year to the date of this report:

(a) The Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts and financing or to make any allowance for doubtful debts and financing in respect of the financial statements of the Group and of the Company;

(ii) which would render the values attributed to current assets in the financial statements misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets and liabilities of the Group and of the Company misleading or inappropriate.

(b) In the opinion of the Directors:

(i) except for those disclosed in the financial statements, the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report; and

(ii) 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 and of the Company to meet their obligations when they fall due.

(III) At the date of this report:

(a) There are no charges on the assets of the Group and of the Company which has arisen since the end of the financial year to secure the liabilities of any other person.

(b) There are no contingent liabilities which has arisen since the end of the financial year.

(c) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

Significant events

The significant events during the financial year are disclosed in Note 32 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 34 to the financial statements.

Auditors' remuneration

The remuneration of the auditors is as disclosed in Note 18 to the financial statements.

To the extent permitted by law, the Group and the Company have 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. No payment was made to indemnify Ernst & Young PLT during or since the end of the financial year.

Auditors

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

This report was approved by the Board of Directors on 26 February 2020. Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Seri Kalimullah bin Masheerul Hassan

Dato' Lim Kian Onn

Kuala Lumpur, Malaysia
9 March 2020

statement by directors

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

We, Dato' Seri Kalimullah bin Masheerul Hassan and Dato' Lim Kian Onn, being two of the Directors of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 49 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their results and their cash flows for the financial year then ended.

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

Dato' Seri Kalimullah bin Masheerul Hassan

Dato' Lim Kian Onn

Kuala Lumpur, Malaysia
9 March 2020

statutory declaration

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

I, Lim Kam Choy, being the officer primarily responsible for the financial management of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 129 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 Lim Kam Choy at
Kuala Lumpur in the Federal Territory
on 9 March 2020.

Lim Kam Choy

Before me,

Firdaus BT S. Faizal
Commissioner for Oaths

9 March 2020

Independent auditors' report

to the members of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad)
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad), which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 129.

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

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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 the matter mentioned 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 of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(a) <u>Valuation of unquoted equity investments</u>

The Group and the Company classify their investments in unquoted equity instruments as Fair Value Through Other Comprehensive Income ("FVOCI") as disclosed in Note 5 to the financial statements. In estimating the fair value of these investments, the Group and the Company generally use the Discounted Cash Flow ("DCF") model or the comparison method for real estate assets, as disclosed in Note 2.23(ii) to the financial statements. The DCF takes into consideration key assumptions such as the forecast cashflows, long term growth rates, cost of capital and long term operating margins of the underlying companies in which the Group and the Company have invested in. The comparison method uses recent transaction prices of similar properties that are identified based on licensed/permitted land use, property type, geographic location and plot size. These assumptions are judgmental in nature and, accordingly, we consider this to be an area of audit focus. The assumptions and areas of judgement are outlined in Note 29.2 to the financial statements.

Report on the audit of the financial statements (continued)

Key audit matters (continued)

(a) Valuation of unquoted equity investments (continued)

Our audit procedures focused on the valuations performed by management, which included amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry;

- As part of our evaluations of the fair values of these investments, we had discussions with management to obtain an understanding of the related underlying data used as input to the valuation models; and

- We also assessed whether the discount rate used to determine the present value of the cash flows in the DCF model reflects the relevant rate of return that the investors expect to derive.

(b) Impairment assessment of joint ventures

The Group and the Company conducted assessment of joint ventures for impairment as at the reporting date. The losses reported by some of these joint ventures or the lack of an active principal activity during the year indicate that the carrying amount of the investments in these joint ventures may be impaired. Accordingly, the Group and the Company performed an impairment test on those investments which demonstrated an indication of impairment by estimating the recoverable amount of such investments using the comparison method. The comparison method uses recent transaction prices of similar properties that are identified based on licensed/permitted land use, property type, geographic location and plot size. These assumptions are judgmental in nature and, accordingly, we consider this to be an area of audit focus. The Group and the Company's impairment policy for joint ventures is disclosed in Note 2.4(i) to the financial statements.

In addressing these areas of audit focus:

- We obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry; and

- As part of our evaluations of the fair values of these investments, we had discussions with management to obtain an understanding of the related underlying data used as input to the valuation models.

(c) Acquisition of a new business

The Group and the Company acquired a new business during the year on which a gain on bargain purchase was recognised as disclosed in Note 33 to the financial statements. The Group and the Company engaged an external professional valuation expert to estimate the fair value of the business on acquisition date using the DCF method. Given the level of judgement required by the professional valuation expert to determine the assumptions underlying the DCF, we consider the valuation of the business an area of audit focus. The assumptions include the forecast cashflows, growth rates, cost of capital and operating margins of the acquired business.

In addressing this area of audit focus:

- We obtained an understanding of the methodology adopted by management in estimating the cash flows to be derived from the investment in the acquired business and assessed whether such methodology is consistent with those used in the industry;

Report on the audit of the financial statements (continued)

Key audit matters (continued)

(c) Acquisition of a new business (continued)

In addressing this area of audit focus: (continued)

- We evaluated the external professional valuation expert's assumptions on the key inputs used in the valuation methodology, including the future cashflows and growth rates estimated by these investments, market values of underlying properties held by the acquired business, and the estimated margins of the investment in the acquired business, on the acquisition date and as at the reporting date;

- We assessed the professional qualification of management's external professional valuation expert; and

- We also assessed the discount rate used to determine the present value of the cash flows that it reflects the rate return that investors would expect from similar investments.

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 audit and risk management committee of the board report, corporate governance statement, chairman's statement, management discussion and analysis, the Director's report and the other 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.

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

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

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

Responsibilities of 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.

Report on the audit of the financial statements (continued)

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 financial period 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

Yeo Beng Yean
No. 03013/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
9 March 2020

statements of financial position

as at 31 December 2019

	Note	Group		Company	
		2019	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Assets					
Cash and cash equivalents	3	**55,988**	13,781	**53,858**	874
Financial assets at fair value through profit or loss	4	**20,958**	-	**20,958**	-
Financial assets at fair value through other comprehensive income	5	**20,423**	21,353	**20,423**	21,353
Tax recoverable		**87**	596	**75**	261
Trade and other receivables	6	**25,852**	5,483	**23,970**	63,573
Inventories		**13**	74	**-**	-
Loans, advances and financing	7	**5,738**	57,903	**-**	-
Investment in subsidiaries	8	**-**	-	**10,929**	15,669
Investment in joint ventures	9	**65,762**	67,537	**64,659**	65,247
Right-of-use assets	35	**446**	-	**446**	-
Property, plant and equipment	10	**32,688**	24,744	**747**	866
Total assets		**227,955**	191,471	**196,065**	167,843
Liabilities and equity					
Liabilities					
Tax payable		**49**	123	**-**	-
Deferred tax liabilities	11	**22**	109	**23**	5
Trade and other payables	12	**5,875**	7,163	**523**	4,694
Loans and borrowings	13	**18,947**	9,941	**-**	-
Lease liabilities	35	**537**	-	**459**	-
Total liabilities		**25,430**	17,336	**1,005**	4,699
Equity attributable to owners of the Company					
Share capital	14	**107,546**	107,546	**107,546**	107,546
Retained earnings		**97,812**	64,690	**89,119**	53,076
Reserves	15	**(2,833)**	1,899	**(1,605)**	2,522
Total equity		**202,525**	174,135	**195,060**	163,144
Total liabilities and equity		**227,955**	191,471	**196,065**	167,843

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

statements of profit or loss

for the financial year ended 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	16	**11,743**	7,144	**3,422**	3,927
Other income/(expenses)	17	**1,027**	557	**(520)**	(693)
		12,770	7,701	**2,902**	3,234
Operating expenses	18	**(15,561)**	(8,346)	**(7,914)**	(7,094)
Operating loss		**(2,791)**	(645)	**(5,012)**	(3,860)
Interest expense	19	**(1,017)**	(160)	**(49)**	(75)
Share of (loss)/profit of equity - accounted joint ventures	9	**(1,212)**	1,545	**-**	-
(Loss)/profit before tax		**(5,020)**	740	**(5,061)**	(3,935)
Income tax expense	21	**(195)**	(734)	**(18)**	(231)
(Loss)/profit from continuing operations		**(5,215)**	6	**(5,079)**	(4,166)
Discontinued operation					
Profit from disposal of a subsidiary, net of tax	22(a)	**35,549**	1,691	**38,376**	-
Profit/(loss) from discontinued operation, net of tax	22(e)	**-**	3,439	**-**	(577)
Profit/(loss) from discontinued operation, net of tax		**35,549**	5,130	**38,376**	(577)
Profit/(loss) for the year		**30,334**	5,136	**33,297**	(4,743)
Attributable to owners of the Company		**30,334**	5,136	**33,297**	(4,743)
		Sen	**Sen**		
Basic earnings/(loss) per ordinary share:					
- from continuing operations	23	**(1.09)**	-		
- from discontinued operation	23	**7.41**	1.30		
		6.32	1.30		

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

statements of comprehensive income

for the financial year ended 31 December 2019

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(loss) for the year	**30,334**	5,136	**33,297**	(4,743)
Other comprehensive loss:				
Items that will not be reclassified subsequently to profit or loss:				
Fair value changes on financial assets	**(1,381)**	(247)	**(1,381)**	(235)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating investment in foreign assets	**(563)**	(447)	**-**	-
Other comprehensive loss for the year, net of tax	**(1,944)**	(694)	**(1,381)**	(235)
Total comprehensive income/(loss) for the year, net of tax	**28,390**	4,442	**31,916**	(4,978)
Attributable to owners of the Company	**28,390**	4,442	**31,916**	(4,978)

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

statements of changes in equity

for the financial year ended 31 December 2019

Group	Note	Share capital	Foreign currency translation deficit	Fair value through other comprehensive income deficit	General reserve	Retained earnings	Total equity
		← Non-distributable			→	Distributable	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019		**107,546**	**(447)**	**(442)**	**2,788**	**64,690**	**174,135**
Profit for the year		**-**	**-**	**-**	**-**	**30,334**	**30,334**
Other comprehensive loss		**-**	**(563)**	**(1,381)**	**-**	**-**	**(1,944)**
Total comprehensive (loss)/income		**-**	**(563)**	**(1,381)**	**-**	**30,334**	**28,390**
Transfer of reserves *		**-**	**-**	**-**	**(2,788)**	**2,788**	**-**
At 31 December 2019		**107,546**	**(1,010)**	**(1,823)**	**-**	**97,812**	**202,525**
At 1 January 2018		37,946	-	(195)	2,788	105,323	145,862
Profit for the year		-	-	-	-	5,136	5,136
Other comprehensive loss		-	(447)	(247)	-	-	(694)
Total comprehensive (loss)/income		-	(447)	(247)	-	5,136	4,442
Transactions with owners:							
Issuance of shares	14	69,600	-	-	-	-	69,600
Dividend paid	24	-	-	-	-	(45,769)	(45,769)
		69,600	-	-	-	(45,769)	23,831
At 31 December 2018		107,546	(447)	(442)	2,788	64,690	174,135

* This relates to general reserve on the Company's Employees' Share Option Scheme which has expired.

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

statements of changes in equity continued

for the financial year ended 31 December 2019

Company	Note	Share capital RM'000	Fair value through other comprehensive income deficit RM'000	General reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable		→	Distributable	
At 1 January 2019		**107,546**	**(224)**	**2,746**	**53,076**	**163,144**
Profit for the year		**-**	**-**	**-**	**33,297**	**33,297**
Other comprehensive income		**-**	**(1,381)**	**-**	**-**	**(1,381)**
Total comprehensive income		**-**	**(1,381)**	**-**	**33,297**	**31,916**
Transfer of reserves *		**-**	**-**	**(2,746)**	**2,746**	**-**
At 31 December 2019		**107,546**	**(1,605)**	**-**	**89,119**	**195,060**
At 1 January 2018		37,946	11	2,746	103,588	144,291
Loss for the year		-	-	-	(4,743)	(4,743)
Other comprehensive loss		-	(235)	-	-	(235)
Total comprehensive loss		-	(235)	-	(4,743)	(4,978)
Transactions with owners:						
Issuance of shares	14	69,600	-	-	-	69,600
Dividend paid	24	-	-	-	(45,769)	(45,769)
		69,600	-	-	(45,769)	23,831
At 31 December 2018		107,546	(224)	2,746	53,076	163,144

* This relates to general reserve on the Company's Employees' Share Option Scheme which has expired.

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

statements of cash flows

for the financial year ended 31 December 2019

	Note	Group		Company	
		2019	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities					
Profit/(loss) before tax:					
- from continuing operations		**(5,020)**	740	**(5,061)**	(3,935)
- from discontinued operation	22(a),22(e)	**35,647**	5,504	**38,376**	(577)
Adjustments for:					
Depreciation of property, plant and equipment	10	**650**	566	**204**	215
Depreciation of right-of-use assets	35	**185**	-	**185**	-
Net gain on financial assets at fair value through profit or loss	16	**(1,158)**	(198)	**(1,158)**	(198)
Net (gain)/loss on financial assets at fair value through other comprehensive income	16	**-**	(10)	**-**	2
Gain on bargain purchase	17	**(808)**	(721)	**-**	-
Gain on liquidation of a subsidiary	17	**-**	-	**-**	(3)
(Gain)/loss on disposal of discontinued operation	22(a),22(e)	**(35,000)**	(3,562)	**(38,541)**	563
Interest expense		**1,017**	160	**49**	75
Interest income		**(2,523)**	(5,100)	**(2,037)**	(3,058)
Loss on disposal of property, plant and equipment	17	**-**	104	**-**	104
Loss on foreign exchange translation	17	**5**	121	**588**	592
Property, plant and equipment written-off in respect of discontinued operation	22(e)	**-**	271	**-**	230
Share of (loss)/profit of equity - accounted joint ventures		**1,212**	(1,545)	**-**	-
Operating loss before changes in working capital		**(5,793)**	(3,670)	**(7,395)**	(5,990)
Decrease/(increase) in operating assets:					
Inventories		**61**	(74)	**-**	-
Loans, advances and financing		**50,917**	1,845	**-**	-
Trade and other receivables		**(24,073)**	532	**497**	2,266
(Decrease)/increase in operating liabilities:					
Liabilities classified as held for sale		**-**	(728)	**-**	(728)
Trade and other payables		**13,543**	2,755	**(1,238)**	1,432
Cash generated from/(used in) operations, balance carried forward		**34,655**	660	**(8,136)**	(3,020)

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

statements of cash flows continued

for the financial year ended 31 December 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Balance brought forward		**34,655**	660	**(8,136)**	(3,020)
Interest received		**3,694**	4,430	**2,159**	2,610
Interest paid		**(901)**	(219)	**(17)**	(48)
Tax refunded		**449**	1	**259**	-
Tax paid		**(472)**	(1,298)	**(73)**	(304)
Net cash generated from/(used in) operating activities		**37,425**	3,574	**(5,808)**	(762)
Cash flows from investing activities					
Advances to subsidiaries		**-**	-	**(19,775)**	-
Increase in investments in a subsidiary	8	**-**	-	**-**	(2,500)
Investment in joint ventures	(a)	**-**	(8,044)	**-**	(8,044)
Net (acquisition)/disposal of financial assets		**(20,251)**	16,637	**(20,251)**	16,637
Purchase of property, plant and equipment	(b)	**(9,306)**	(11,582)	**(85)**	(942)
Proceeds from disposal of property, plant and equipment		**-**	261	**-**	261
Proceeds from liquidation of a subsidiary		**-**	-	**-**	5
Sale of discontinued operation					
- Proceeds from disposal of a subsidiary	22(c)	**25,548**	-	**50,781**	-
- Proceeds from disposal of property, plant and equipment	22(e)	**-**	28,000	**-**	28,000
- Compensation for loss of commercial value of assets classified as held for disposal of a subsidiary		**-**	-	**-**	(785)
Net cash (used in)/generated from investing activities		**(4,009)**	25,272	**10,670**	32,632
Cash flows from financing activities					
Dividend paid	24	**-**	(45,769)	**-**	(45,769)
Drawdown of loans and borrowings	13	**9,000**	10,000	**-**	-
Payment of lease liabilities	35	**(204)**	-	**(204)**	-
Repayment of loan to subsidiaries		**-**	-	**51,259**	2,780
(Repayment of)/proceeds from loan from a subsidiary		**-**	-	**(2,933)**	2,806
Net cash generated from/(used in) financing activities		**8,796**	(35,769)	**48,122**	(40,183)

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net increase/(decrease) in cash and cash equivalents		**42,212**	(6,923)	**52,984**	(8,313)
Effects of foreign exchange differences		**(5)**	(121)	**-**	(121)
Cash and cash equivalents at beginning of the financial year		**13,781**	20,825	**874**	9,308
Cash and cash equivalents at end of the financial year	3	**55,988**	13,781	**53,858**	874
(a) Investment in joint ventures comprises:					
Cost of investment	9	**-**	65,718	**-**	-
Satisfied by issuance of shares *		**-**	(57,674)	**-**	-
Net cash outflow		**-**	8,044	**-**	-
(b) Purchase of property, plant and equipment comprises:					
Cost of investment	10	**10,114**	23,508	**85**	942
Gain on bargain purchase	33(a)	**(808)**	-	**-**	-
Satisfied by issuance of shares *		**-**	(11,926)	**-**	-
Net cash outflow (including drawdown of loans and borrowings)		**9,306**	11,582	**85**	942
* Total issuance of shares	14	**-**	(69,600)	**-**	-

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

notes to the financial statements

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Ground Floor, East Wing, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 February 2020.

2. 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 ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below.

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 accounting standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2019:

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
MFRS 16 *Leases*
IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The adoption of the above accounting standards, amendments and interpretations, where relevant, did not have any significant effect on the financial performance or position of the Group and of the Company, with the exception of MFRS 16 Leases as stated below:

MFRS 16 *Leases* ("MFRS 16")

As a lessee, the Group and the Company previously classified each of its leases as operating leases in accordance with MFRS 117 *Leases* ("MFRS 117"), if the arrangements do not transfer substantially all the risks and rewards incidental to ownership of the leased assets to the Group and the Company. Otherwise, they were classified as finance lease.

MFRS 16, which supersedes MFRS 117, eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to account for all leases under a single on-balance sheet model similar to the accounting for a finance lease under MFRS 117 which involves the recognition of a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

MFRS 16 *Leases* ("MFRS 16") (continued)

The Group and the Company have adopted MFRS 16 for the first time since 1 January 2019. In its transition to MFRS 16, the Group and the Company have elected to apply the modified retrospective approach whereby the comparative information has not been restated and continues to be reported under MFRS 117, as permitted by the transitional provisions of MFRS 16. The Group and the Company have made use of the following transitional practical expedients for recognition and measurement purposes at the date of initial application:

(i) The Group and the Company have elected not to reassess whether an agreement is, or contains a lease at the date of initial application. Instead, for agreements entered into before the transition date, the Group and the Company relied on its previous assessments made in accordance with MFRS 117 and IC Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Lease agreements for which the remaining lease term ends within 12 months from the date of initial application are accounted as short-term leases whereby the Group and the Company have elected not to recognise the associated right-of-use assets and lease liabilities.

(iii) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.

(iv) Initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application.

The impacts arising from the adoption of MFRS 16 are disclosed in Note 35.

2.3 Standards issued but not yet effective

The following are accounting standards, amendments and interpretations issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and the Company's financial statements:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2 *Share-Based Payment*	1 January 2020
Amendments to MFRS 3 *Business Combinations*	1 January 2020
Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2020
Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures*	1 January 2020
Amendment to MFRS 14 *Regulatory Deferral Accounts*	1 January 2020
Amendments to MFRS 101 *Presentation of Financial Statements*	1 January 2020
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
Amendments to MFRS 134 *Interim Financial Reporting*	1 January 2020
Amendment to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2020
Amendment to MFRS 138 *Intangible Assets*	1 January 2020
Amendment to IC Interpretation 12 *Service Concession Arrangements*	1 January 2020
Amendment to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate of Joint Venture*	Deferred

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

The Group and the Company will adopt the abovementioned standards, amendments and interpretations, if applicable, when they become effective in the respective financial year. These pronouncements are not expected to have any impact to the financial statements of the Group and of the Company upon their initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. The financial statements of the Company's subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(i) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Investment in joint ventures

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

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

(ii) Investment in joint ventures (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within "Share of profit of equity-accounted joint ventures" in the statement of profit or loss.

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

(iii) Investment in subsidiaries and joint ventures

In the Company's separate financial statements, investments in subsidiaries and joint ventures are carried at cost less any accumulated impairment losses. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amount of investments are recognised in the statement of profit or loss.

2.5 Foreign currencies

(i) Functional and presentation currencies

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

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(iii) Operations denominated in functional currencies other than RM

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. When a foreign operation is disposed of such that control, joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

2.6 Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements 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 or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes 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.

(a) Amortised cost

The 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. These financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying the effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.13(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2.13(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The Group and the Company have not designated any financial liabilities as fair value through profit or loss. Financial liabilities that are not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date, and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- the recognition of an asset on the day it is received by the Group or the Company, and
- derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Financial instruments (continued)

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.7 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated as it has an infinite life. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Buildings	2%
Office renovations	10%
Furniture and fittings and office equipment	10% - 25%
Computers	10% - 33 1/3%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2.8 Leases

Current financial year

(i) Recognition of Leases as a Lessee

For any new contracts entered into on or after 1 January 2019, the Group and the Company consider whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group and the Company assess whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group and the Company;

- The Group and the Company have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- The Group and the Company have the right to direct the use of the identified asset throughout the period of use. The Group and the Company assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

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

The Group and the Company applied the short-term lease recognition exemption to its short-term leases of office equipment and applies the lease of low-value assets recognition exemption to the lease of web space. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

Current financial year (continued)

(ii) Measurement of Leases as a Lessee

At lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Company, an estimate of any costs to dismantle and remove the asset or to restore the asset or the site on which it is located at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term as follows:

Office premise	3.5 years

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using effective interest method, and is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the incremental borrowing rates of the Group and of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest accrued. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Previous financial year (prior to 1 January 2019)

(i) Recognition and measurement of Leases as a Lessee

(a) Finance Lease

Leases in which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased assets and the corresponding lease obligations are measured at an amount equal to the lower of the fair value of the leased asset at the beginning of the lease term and the present value of the minimum lease payments. In calculating the present value of the minimum lease payments, the discount factor used is the incremental borrowing rate within the group.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to property and equipment. Depreciation is provided at rates which write off the cost or valuation of the asset over the term of the relevant lease or, where it is likely that the Group and the Company will obtain ownership of the asset, the life of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Leases (continued)

Previous financial year (prior to 1 January 2019) (continued)

(i) Recognition and measurement of Leases as a Lessee (continued)

(a) Finance Lease (continued)

Finance charges implicit in the lease payments are charged to profit or loss over the period of the lease so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(b) Operating Lease

All assets under operating leases are not recognised on the statement of financial position. All lease rentals payable are accounted for on a straight-line basis over the lease term and are charged to profit or loss. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in profit or loss in the period the termination takes place.

2.9 Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted joint ventures.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Intangible assets with definite useful lives are amortised on a straight line basis and tested for impairment annually and whenever there is an indication that they may be impaired.

2.10 Inventories

Inventories are measured at the lower of cost and net realisable value, with cost being determined on the first-in, first-out basis. Cost includes actual cost of materials and incidentals in bringing stocks into store.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

2.12 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.13 Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime ECL, except for cash and bank balance and other financial assets for which credit risk has not increased significantly since initial recognition, which are measured at their 12-month ECL. Loss allowances for other receivables are always measured at an amount equal to the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the asset, while 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company also assess whether financial assets carried at amortised cost and other financial assets are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Impairment (continued)

(ii) Other assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2.14 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issuance expenses

Costs directly attributable to the issuance of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Equity instruments (continued)

(iii) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

2.15 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate.

2.16 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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 in profit or loss.

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 benefits will be required to settle the obligation, the provision is reversed.

2.17 Revenue and other income

(i) Revenue

Revenue of the Group and of the Company comprise interest income, gains or losses on disposal of investments, dividend income and revenue arising from contracts with customers.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Revenue and other income (continued)

(i) Revenue (continued)

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer or when the services are rendered at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

Revenue is recognised on the following basis:

- Interest income is recognised on accrual basis over time using the effective interest method.

- Portfolio management fees such as management fees and performance fees are recognised upon rendering of fund management services or if it becomes probable that the performance of the fund will continue to exceed the target rate as and when fund management services are rendered.

- Other fees such as arrangement fees are recognised as and when services are performed.

- Gains or losses on disposal of investments are recognised upon execution of the transaction or trade by the stockbroker.

- Dividend and distribution income are recognised when the rights to receive payment is established.

- Revenue from hospitality businesses, comprising room rental, sales of food and beverages, laundry and other related services, is recognised when services are performed.

(ii) Rental income

Rental income from investment property is recognised in profit or loss over the term of the lease.

2.18 Borrowing costs

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in the statement of profit or loss.

2.19 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities and any adjustment to tax payable in respect of the previous financial years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Income tax (continued)

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or a 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.

Deferred tax assets are recognised for all deductible temporary differences, the 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 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.

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 re-assessed 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial 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.

2.20 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.21 Contingencies

(i) Contingent liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Contingencies (continued)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

2.22 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted (unadjusted) market price in active markets for identical assets and liabilities

Refers to instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, and those prices which represent actual and regularly occurring market transactions in an arm's length basis. Such financial instruments include actively traded government securities, listed derivatives and cash products traded on exchange.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Refers to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Examples of Level 2 financial instruments include over-the-counter ("OTC") derivatives, corporate and other government bonds, illiquid equities and consumer loans and financing with homogeneous or similar features in the market.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Refers to instruments where fair value is measured using significant unobservable market data. The valuation technique is consistent with the Level 2. The chosen valuation technique incorporates the Group's and the Company's own assumptions and data. Examples of Level 3 instruments include corporate bonds in illiquid markets, private equity investments and loans and financing priced primarily based on internal credit assessment.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Significant accounting judgments and estimates

The preparation of the financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's and the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in the respective entities within the Group against which the losses and capital allowances can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of the Group's and of the Company's deferred tax assets and liabilities are as disclosed in Note 11.

(ii) Fair value measurement of financial instruments

For financial assets measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, prices quoted by independent data providers and independent broker quotations.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The comparison method seeks to determine the value of property by comparing and adopting as a yardstick, recent transaction and prices involving other similar properties in the vicinity. Due consideration is given for such factors including property type, location, plot size and permitted/licensed uses of the property. The comparison method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The yardstick applied by the Group and the Company is the price per square foot.

The significant unobservable input is the adjustment for factors specific to the properties of the joint ventures and subsidiaries within the Group and the Company. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgment, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

Significant judgment was applied by the Group and the Company to value the unquoted investments measured at fair value through other comprehensive income as described in Note 5.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Significant accounting judgments and estimates (continued)

(iii) Impairment losses on financial assets

The ECLs allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECLs.

The measurement of ECL will involve increased complexity and judgment that includes:

(a) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is the key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group and the Company applies a three-stage approach based on the change in credit quality since initial recognition.

3-stage approach	Stage 1 Performing	Stage 2 Under-performing	Stage 3 Non-performing
ECL approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significance increase in credit risk	Credit risk increased significantly	Credit-impaired
Revenue/interest income based on	Gross carrying amount	Gross carrying amount	Net carrying amount

(b) ECL measurement

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessment of significant increase in credit risk. These estimates are driven by a number of factors, which can result in different levels of allowances.

There are three main components to measure ECLs which are a Probability of Default model ("PD"), a Loss Given Default model ("LGD") and the Exposure at Default model ("EAD").

MFRS 9 does not distinguish between individual assessment and collective assessment. Accordingly, the Group and the Company have decided to measure the impairment on an individual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Significant accounting judgments and estimates (continued)

(iii) Impairment losses on financial assets (continued)

(b) ECL measurement (continued)

All loans, advances and financing are assessed individually. The Group and the Company's ECLs calculations are outputs of impairment models with a number of underlying assumptions regarding the choice of variable inputs and their inter-dependencies. Elements of the ECLs models that are considered accounting judgments and estimates include:

- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECLs basis;

- Development of ECL models, including the various formulas and the choice of inputs;

- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PD, LGD and EAD; and

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The impairment loss on financial assets is disclosed in more detail in Note 6 and Note 7.

(iv) Fair value measurement of the newly acquired joint ventures and other non-financial assets

The highest and best use establishes the valuation premise used to measure the fair value of the assets at the date of acquisition. The Group and the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In the absence of quoted prices in active markets, the fair value of these assets is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible but where this is not feasible, a degree of judgment is required in establishing fair value. Judgments include consideration of inputs such as forecast cash flows, growth rates, cost of capital and operating margins. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The Group and the Company engaged an external third party valuation expert to conduct the valuation on acquired business carrying real estate assets since there were limited available observable inputs, therefore requiring a higher degree of professional judgment. Increased judgment is required in considering the impact of geographic location on inputs such as operating cash flows.

The fair value measurement of the joint ventures and other non-financial assets are disclosed in more detail in Note 33.

3. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	**1,874**	4,551	**157**	144
Deposit placements with licensed financial institutions maturing within three months	**54,114**	9,230	**53,701**	730
	55,988	13,781	**53,858**	874
Weighted average effective interest rate (%)	**3.30%**	3.52%	**3.30%**	3.20%
Weighted average maturity period (days)	**12**	19	**12**	1

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
Unit trust fund	**20,958**	-	**20,958**	-

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
In Malaysia				
Quoted shares	**251**	470	**251**	470
Unquoted investment	**13,789**	13,350	**13,789**	13,350
Outside Malaysia				
Quoted share	**-**	183	**-**	183
Unquoted investment	**6,383**	7,350	**6,383**	7,350
	20,423	21,353	**20,423**	21,353

6. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Trade receivables	6.1	**182**	2,019	**-**	-
Loans to subsidiaries	6.2	**-**	-	**3,428**	62,040
Amounts due from subsidiaries	6.3	**-**	-	**20,027**	600
Other receivables	6.4	**25,479**	3,196	**453**	841
Prepayments		**234**	268	**62**	92
Less: Allowance for expected credit losses		**(43)**	-	**-**	-
		25,852	5,483	**23,970**	63,573

6.1 Trade receivables are unsecured, interest free and are on 30 days terms. Other credit terms are assessed and approved on a case-by-case basis.

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

6.2 Loans to subsidiaries are unsecured, subject to an average interest rate of 6.07% (2018: 5.21%) per annum and repayable on demand.

6.3 Included in this amount due from subsidiaries is an amount owing from ECML Hotels Sdn. Bhd. of RM20,022,000 (2018: nil) for payments made on behalf in lieu of renovation costs and RM5,000 (2018: nil) owing from Ormond Group Sdn. Bhd. for payments made on behalf in lieu of incorporation expenses.

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

6.4 Included in the other receivables is an amount due from OMT Hotels Sdn. Bhd. ("OMT") (formerly known as Tune Hotels Sdn. Bhd.) of RM23,015,000 (2018: nil) for renovation works on the Chow Kit, an Ormond Hotel and Momo's Kuala Lumpur as disclosed in Note 32(b). In the event the conditional sale and purchase agreement is terminated, OMT shall reimburse the renovation costs paid up to the date of termination within 3 business days after receiving a notice of demand, failing which OMT shall pay interest on the renovation costs then outstanding at the rate of 8% per annum calculated on a daily basis from the first day immediately after the expiry of the said period until the date the renovation costs are fully paid.

7. LOANS, ADVANCES AND FINANCING

	Note	Group 2019 RM'000	Group 2018 RM'000
Term loans, representing gross loans, advances and financing		**5,738**	57,903
Less: Allowance for expected credit losses	7.5	**-**	-
Net loans, advances and financing		**5,738**	57,903

Analysis of gross loans, advances and financing

7.1 By economic purpose

	2019 RM'000	2018 RM'000
Investments	**5,738**	17,903
Others	**-**	40,000
Gross loans, advances and financing	**5,738**	57,903

7.2 By interest rate sensitivity

	2019 RM'000	2018 RM'000
Fixed rate, representing gross loans, advances and financing	**5,738**	57,903

7.3 By type of customer

	2019 RM'000	2018 RM'000
Domestic business enterprise	**5,738**	17,903
Individual	**-**	40,000
Gross loans, advances and financing	**5,738**	57,903

7.4 By residual contractual maturity

	2019 RM'000	2018 RM'000
Within one year, representing gross loans, advances and financing	**5,738**	57,903

7.5 Allowance for expected credit losses/impairment

There is no movement in the allowance for expected credit losses during the year ended 31 December 2019 (2018: no movement). The Group has not recognised any loss allowance as the loans, advances and financing are supported by collateral such as equity instruments and other credit enhancement.

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares at cost			
At beginning of the financial year		**15,669**	13,171
Increase in investment in a subsidiary *		**7,500**	2,500
Disposal of a subsidiary	22(c)	**(12,240)**	-
Liquidation of a subsidiary		**-**	(2)
At end of the financial year		**10,929**	15,669

* For the financial year ended 31 December 2019, partial of loan principal amount of RM7,500,000 owing to the Company was converted into investment of 7,500,000 new ordinary shares of RM1 each in ECML Hotels Sdn. Bhd. on 1 August 2019.

In the previous financial year ended 31 December 2018, cash payment of RM2,500,000 was made by the Company for issued of 2,500,000 new ordinary shares of RM1 each in ECML Hotels Sdn. Bhd. on 4 September 2018.

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

Name of Company	Effective Percentage of Ownership 2019 %	Effective Percentage of Ownership 2018 %	Principal Activities
ECM Libra Partners Sdn. Bhd.	**100**	100	Provision of credit services
ECML Hotels Sdn. Bhd.	**100**	100	Business of operating hotels
Libra Invest Berhad	**-**	100	Disposed of during the year (Note 22(a))
Ormond Group Sdn. Bhd.	**100**	100	Dormant

9. INVESTMENT IN JOINT VENTURES

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
At cost					
Unquoted shares in Malaysia		**30,809**	30,088	**30,088**	30,088
Unquoted shares outside Malaysia		**35,630**	35,630	**35,630**	35,630
Cost of investment		**66,439**	65,718	**65,718**	65,718
Gain on bargain purchase	17	**-**	721	**-**	-
Carrying amount of investment		**66,439**	66,439	**65,718**	65,718
Share of post-acquisition reserves		**333**	1,545	**-**	-
Exchange differences		**(1,010)**	(447)	**(1,059)**	(471)
		65,762	67,537	**64,659**	65,247

Details of the joint ventures are as follows:

Name of Company	Principal place of business	Effective Percentage of Ownership 2019 %	2018 %	Principal Activities
OHG Services Sdn. Bhd. (formerly known as TP Sepang Sdn. Bhd.)	Malaysia	**50**	50	Construct, manage and operate a hotel
OHG Lifestyle Services Sdn. Bhd. (formerly known as Yummy Kitchen Sdn. Bhd.)	Malaysia	**50**	50	Operate restaurant, food caterer and food specialist businesses
TP International Pty Ltd ATF TP Hotel (Flinders) Trust	Australia	**50**	50	Trustee for TP Hotel (Flinders) Trust
TP Hotel (Flinders) Trust	Australia	**40.005**	40.005	Property investments holding
Ormond Group Pte. Ltd. ^	Singapore	**50**	-	Provision of hospitality businesses

^ On 28 March 2019, the Company formed a joint venture company, Ormond Group Pte. Ltd. in Singapore with an issued share capital of SGD100 comprising 100 ordinary shares.

9. INVESTMENT IN JOINT VENTURES (continued)

Name of Company	Principal place of business	Effective Percentage of Ownership 2019 %	Effective Percentage of Ownership 2018 %	Principal Activities
Tune Plato Ventures Sdn. Bhd.	Malaysia	**50**	50	Investment holding
Held through Tune Plato Ventures Sdn. Bhd. and/or its subsidiaries:				
- LSA Ventures Sdn. Bhd. (formerly known as Tune Plato Subhome Sdn. Bhd.)	Malaysia	**50**	50	Investment holding
- Prompt Business Sdn. Bhd.	Malaysia	**30**	30	Investment holding
- Asiana Ventures Sdn. Bhd.	Malaysia	**25.5**	25.5	Investment holding
- Subhome Management Sdn. Bhd. *	Malaysia	**25**	25	Property management services
- Firma Atasan Sdn. Bhd. *	Malaysia	**15**	15	Property developer

* Not audited by member firms of Ernst & Young.

The Group's interest in the joint ventures is accounted for using the equity method in the consolidated financial statements. All entities prepared their financial statements in accordance with International Financial Reporting Standards. The financial statements of the joint ventures are prepare as of the same reporting date of the Company except for Subhome Management Sdn Bhd where the latest available financial statement was prepared up to 31 May 2019. The functional currency of TP International Pty Ltd and TP Hotel (Flinders) Trust is Australian Dollars, whereas for Ormond Group Pte. Ltd., it is Singapore Dollars. The functional currency of all other entities is Ringgit Malaysia.

9. INVESTMENT IN JOINT VENTURES (continued)

The following table summarises the information of the Group's joint ventures, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in joint ventures:

2019 Group	Ormond Group Pte. Ltd.	OHG Services Sdn. Bhd.	Ormond Lifestyle Services Sdn. Bhd.	TP International Pty Ltd	TP Hotel (Flinders) Trust	Tune Plato Ventures Sdn. Bhd. Group	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Summarised statement of financial position							
Non-current assets	-	62,006	519	-	65,413	17,295	145,233
Current assets	-	11,521	3,894	246	7,934	1,711	25,306
Non-current liabilities	-	(27,684)	(124)	-	(76,273)	-	(104,081)
Current liabilities	(24)	(10,227)	(831)	(636)	(3,793)	(271)	(15,782)
Non-controlling interests	-	-	-	-	-	(8,728)	(8,728)
Equity	(24)	35,616	3,458	(390)	(6,719)	10,007	41,948
Group's share in equity (%)	50%	50%	50%	50%	40.005%	50%	
Group's share in equity	(12)	17,808	1,729	(195)	(2,688)	5,004	21,646
Advances owing by joint venture company	-	-	-	-	30,513	-	30,513
Carrying amount of fair valuation on net assets (a)	-	8,544	-	-	1,538	-	10,082
Goodwill	-	-	-	100	3,421	-	3,521
Carrying amount in the statement of financial position	(12)	26,352	1,729	(95)	32,784	5,004	65,762

9. INVESTMENT IN JOINT VENTURES (continued)

2018 Group	OHG Services Sdn. Bhd. RM'000	Ormond Lifestyle Services Sdn. Bhd. RM'000	TP International Pty Ltd RM'000	TP Hotel (Flinders) Trust RM'000	Tune Plato Ventures Sdn. Bhd. Group RM'000	Total RM'000
Summarised statement of financial position						
Non-current assets	57,031	266	-	59,542	18,552	135,391
Current assets	9,266	2,721	23	15,383	2,215	29,608
Non-current liabilities	(20,984)	(4)	-	-	-	(20,988)
Current liabilities	(11,857)	(723)	(298)	(77,915)	(7,214)	(98,007)
Non-controlling interests	-	-	-	-	(2,150)	(2,150)
Equity	33,456	2,260	(275)	(2,990)	11,403	43,854
Group's share in equity (%)	50%	50%	50%	40.005%	50%	
Group's share in equity	16,728	1,130	(138)	(1,196)	5,702	22,226
Advances owing by joint venture company	-	-	-	31,101	-	31,101
Carrying amount of fair valuation on net assets (a)	9,151	-	-	1,538	-	10,689
Goodwill	-	-	100	3,421	-	3,521
Carrying amount in the statement of financial position	25,879	1,130	(38)	34,864	5,702	67,537

(a) Included in the carrying amount of fair valuation on net assets is the fair value of an identified intangible asset, which is prepaid lease of RM8,544,000 (2018: RM9,151,000) and freehold land of RM1,538,000 (2018: RM1,538,000). The prepaid lease is related to a concession agreement and is amortised on a straight-line basis over the remaining concession period, commencing from the date of acquisition on 16 May 2018 to 31 January 2034. The amortisation charge for the financial year ended 31 December 2019 is RM607,000 (2018: RM380,000). Freehold land is not depreciated.

9. INVESTMENT IN JOINT VENTURES (continued)

2019 Group	Ormond Group Pte. Ltd. RM'000	OHG Services Sdn. Bhd. RM'000	Ormond Lifestyle Services Sdn. Bhd. RM'000	TP International Pty Ltd RM'000	TP Hotel (Flinders) Trust RM'000	Tune Plato Ventures Sdn. Bhd. Group RM'000	Total RM'000
Included in the equity are:							
Cash and cash equivalents	-	7,235	2,130	242	5,135	1,642	16,384
Current financial liabilities (excluding trade and other payables and provisions)	-	(3,952)	(98)	-	-	-	(4,050)
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(27,684)	(124)	-	-	-	(27,808)
Summarised statement of comprehensive income							
Profit/(loss), representing total comprehensive income/(loss) for the year	(24)	2,158	1,197	(120)	(3,786)	(1,396)	(1,971)
Included in the total comprehensive income/(loss) are:							
Revenue	-	37,820	7,788	-	-	-	45,608
Depreciation and amortisation	-	(4,998)	(229)	-	(1)	(66)	(5,294)
Interest income	-	74	23	-	124	49	270
Interest expense	-	(2,522)	-	-	-	-	(2,522)
Income tax expense	-	(1,126)	(341)	-	-	(41)	(1,508)
Share of loss of joint ventures	-	-	-	-	-	(793)	-
Group's share of results for year ended 31 December							
Group's share of profit or loss	(12)	473	599	(60)	(1,514)	(698)	(1,212)

9. INVESTMENT IN JOINT VENTURES (continued)

2018 Group	OHG Services Sdn. Bhd. RM'000	Ormond Lifestyle Services Sdn. Bhd. RM'000	TP International Pty Ltd RM'000	TP Hotel (Flinders) Trust RM'000	Tune Plato Ventures Sdn. Bhd. Group RM'000	Total RM'000
Included in the equity are:						
Cash and cash equivalents	3,914	1,339	20	12,654	2,979	20,906
Current financial liabilities (excluding trade and other payables and provisions)	(6,597)	(155)	-	-	-	(6,752)
Non-current financial liabilities (excluding trade and other payables and provisions)	(20,984)	(4)	-	-	-	(20,988)
Summarised statement of comprehensive income						
Profit/(loss), representing total comprehensive income/ (loss) for the year	6,821	1,280	(133)	(1,373)	(597)	5,998
Included in the total comprehensive income/ (loss) are:						
Revenue	36,861	6,846	-	-	-	43,707
Depreciation and amortisation	(4,894)	(93)	-	(1)	(22)	(5,010)
Interest income	121	8	-	241	35	405
Interest expense	(2,364)	-	-	-	-	(2,364)
Income tax expense	(2,535)	(484)	-	-	-	(3,019)
Group's share of results for year ended 31 December						
Group's share of profit or loss	1,798	402	(40)	(316)	(299)	1,545
Capital commitment						
Share of capital commitment of joint venture	-	-	-	-	1,454	1,454

10. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land	Buildings	Office renovations	Furniture and fittings and office equipment	Computers	Motor vehicles	Work-in progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2019		**17,308**	**4,748**	**137**	**944**	**3,616**	**957**	**140**	**27,850**
Acquisition	33(a)	**-**	**9,808**	**-**	**-**	**-**	**-**	**-**	**9,808**
Other additions		**-**	**-**	**-**	**193**	**100**	**-**	**13**	**306**
Transfer to disposal group	22(c)	**-**	**-**	**(137)**	**(934)**	**(3,580)**	**(15)**	**-**	**(4,666)**
At 31 December 2019		**17,308**	**14,556**	**-**	**203**	**136**	**942**	**153**	**33,298**
Accumulated depreciation									
At 1 January 2019		**-**	**24**	**13**	**546**	**2,430**	**93**	**-**	**3,106**
Charge during the financial year	18,22(a)	**-**	**226**	**7**	**86**	**142**	**189**	**-**	**650**
Transfer to disposal group	22(c)	**-**	**-**	**(20)**	**(590)**	**(2,521)**	**(15)**	**-**	**(3,146)**
At 31 December 2019		**-**	**250**	**-**	**42**	**51**	**267**	**-**	**610**
Net carrying amount									
At 31 December 2019		**17,308**	**14,306**	**-**	**161**	**85**	**675**	**153**	**32,688**

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Note	Land	Buildings	Office renovations	Furniture and fittings and office equipment	Computers	Motor vehicles	Work-in progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2018		-	-	44	1,761	4,899	1,168	-	7,872
Acquisitions	33(b)(iii)	17,308	3,692	-	-	-	-	-	21,000
Other additions		-	1,056	93	59	218	942	140	2,508
Disposals		-	-	-	-	-	(1,153)	-	(1,153)
Write-offs		-	-	-	(876)	(1,501)	-	-	(2,377)
At 31 December 2018		17,308	4,748	137	944	3,616	957	140	27,850
Accumulated depreciation									
At 1 January 2018		-	-	-	1,053	3,713	668	-	5,434
Charge during the financial year	18,22(a)	-	24	13	98	218	213	-	566
Disposals		-	-	-	-	-	(788)	-	(788)
Write-offs		-	-	-	(605)	(1,501)	-	-	(2,106)
At 31 December 2018		-	24	13	546	2,430	93	-	3,106
Net carrying amount									
At 31 December 2018		17,308	4,724	124	398	1,186	864	140	24,744

Security

As at 31 December 2019, land and buildings with a carrying amount of RM31,614,000 (2018: RM22,032,000) are subject to a first legal charge to secure bank loans granted to the Group (see Note 13).

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Note	Furniture and fittings and office equipment RM'000	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2019		**-**	**36**	**942**	**978**
Additions		**53**	**32**	**-**	**85**
At 31 December 2019		**53**	**68**	**942**	**1,063**
Accumulated depreciation					
At 1 January 2019		**-**	**34**	**78**	**112**
Charge during the financial year	18	**4**	**11**	**189**	**204**
At 31 December 2019		**4**	**45**	**267**	**316**
Net carrying amount					
At 31 December 2019		**49**	**23**	**675**	**747**
Cost					
At 1 January 2018		373	36	1,153	1,562
Additions		-	-	942	942
Disposals		-	-	(1,153)	(1,153)
Write-offs		(373)	-	-	(373)
At 31 December 2018		-	36	942	978
Accumulated depreciation					
At 1 January 2018		143	32	653	828
Charge during the financial year	18	-	2	213	215
Disposals		-	-	(788)	(788)
Write-offs		(143)	-	-	(143)
At 31 December 2018		-	34	78	112
Net carrying amount					
At 31 December 2018		-	2	864	866

11. DEFERRED TAX LIABILITIES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At beginning of the financial year		**(109)**	250	**(5)**	134
Recognised in profit or loss					
- Relating to origination and reversal of temporary differences	21	**(44)**	(399)	**(19)**	(153)
- (Over)/Under provision of deferred tax in prior financial years	21	**(2)**	40	**1**	14
		(46)	(359)	**(18)**	(139)
Included in discontinued operation	22(c)	**133**	-	**-**	-
At end of the financial year		**(22)**	(109)	**(23)**	(5)
Presented, after appropriate offsetting, as follows:					
Deferred tax assets		**-**	-	**-**	-
Deferred tax liabilities		**(22)**	(109)	**(23)**	(5)
		(22)	(109)	**(23)**	(5)

All movements in deferred tax assets and liabilities have been recognised in profit or loss. The components and movements of deferred tax assets and liabilities as at the end of the year are as follows:

Group	Note	Provisions RM'000	Other temporary difference RM'000	Net deferred tax assets/ (liabilities) RM'000
2019				
At beginning of the financial year		**19**	**(128)**	**(109)**
Recognised in profit or loss		**(19)**	**(27)**	**(46)**
Included in discontinued operation	22(c)	**-**	**133**	**133**
At end of the financial year		**-**	**(22)**	**(22)**

11. DEFERRED TAX LIABILITIES (continued)

Group	Provisions RM'000	Other temporary difference RM'000	Net deferred tax assets/ (liabilities) RM'000
2018			
At beginning of the financial year	398	(148)	250
Recognised in profit or loss	(379)	20	(359)
At end of the financial year	19	(128)	(109)
Company			
2019			
At beginning of the financial year	**-**	**(5)**	**(5)**
Recognised in profit or loss	**-**	**(18)**	**(18)**
At end of the financial year	**-**	**(23)**	**(23)**
2018			
At beginning of the financial year	168	(34)	134
Recognised in profit or loss	(168)	29	(139)
At end of the financial year	-	(5)	(5)

12. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables		**3,101**	2,098	**-**	-
Advances from a subsidiary	12.1	**-**	-	**-**	2,000
Amount due to a subsidiary	12.1	**-**	-	**-**	933
Other payables		**2,774**	5,065	**523**	1,761
		5,875	7,163	**523**	4,694

12. TRADE AND OTHER PAYABLES (continued)

12.1 In the previous financial year ended 31 December 2018, advances from a subsidiary are unsecured, subject to average interest rate at 5.21% per annum and repayable on demand.

The amount due to a subsidiary is unsecured, interest free and repayable on demand.

13. LOANS AND BORROWINGS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Floating rate term loan	**18,947**	9,941	**-**	-

The term loan bears interest of 5.97% (2018: 6.22%) per annum and the movement is as follows:

		Group	
	Note	**2019**	**2018**
		RM'000	**RM'000**
At beginning of the financial year		**9,941**	-
Drawdown of loans and borrowings	33(a)	**9,000**	10,000
Transaction costs		**6**	(59)
At end of the financial year		**18,947**	9,941

The term loan is secured by:

(i) a first legal charge over the land and buildings of the Group as disclosed in Note 10;

(ii) a deed of assignment on all rights and title, interest and benefits of the designated Sale And Purchase Agreement of Tune Hotel Kota Kinabalu;

(iii) a specific debenture over the land and buildings of the Group together with present and future fixtures and fittings on the land and buildings; and

(iv) a corporate guarantee from the Company.

13. LOANS AND BORROWINGS (continued)

The remaining maturities as at reporting date are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
On demand or within one year	**-**	-
More than 1 year and less than 2 years	**551**	-
More than 2 years and less than 5 years	**7,295**	2,755
5 - 10 years	**11,101**	7,186
	18,947	9,941

14. SHARE CAPITAL

Group and Company	**Number of shares 2019**	**Amount 2019**	**Number of shares 2018**	**Amount 2018**
	units '000	**RM'000**	**units '000**	**RM'000**
Issued and fully paid-up:				
At beginning of the financial year	**479,926**	**107,546**	286,592	37,946
Issued during the financial year	**-**	**-**	193,334	69,600
At end of the financial year	**479,926**	**107,546**	479,926	107,546

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. RESERVES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-distributable					
Fair value through other comprehensive income deficit	15.1	**(1,823)**	(442)	**(1,605)**	(224)
Foreign currency translation deficit	15.2	**(1,010)**	(447)	**-**	-
General reserve	15.3	**-**	2,788	**-**	2,746
		(2,833)	1,899	**(1,605)**	2,522

15.1 Fair value through other comprehensive income deficit represents unrealised losses arising from changes in the fair value of financial assets recognised through other comprehensive income.

15.2 Foreign currency translation deficit comprises foreign currency translation losses arising from the translation of the financial statements of foreign operations.

15.3 General reserve represents exercised Employees' Share Options in the previous financial year.

16. REVENUE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Hospitality income				
Room rental income	**7,441**	1,424	**-**	-
Sales of food and beverages	**545**	1	**-**	-
Add-on revenue	**20**	5	**-**	-
	8,006	1,430	**-**	-
Interest income				
Loans, advances and financing	**1,894**	4,661	**-**	-
Short-term funds and deposits with financial institutions	**476**	172	**466**	168
Amount owing by subsidiaries	**-**	-	**1,571**	2,890
	2,370	4,833	**2,037**	3,058

16. REVENUE (continued)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Investment income				
Net gain on financial assets at fair value through profit or loss				
- Change in fair value	**356**	126	**356**	126
- Gain on disposal	**802**	72	**802**	72
	1,158	198	**1,158**	198
Net gain/(loss) on financial assets at fair value through other comprehensive income				
- Gain/(loss) on disposal	**-**	10	**-**	(2)
	1,158	208	**1,158**	196
Others	**209**	673	**227**	673
Total revenue	**11,743**	7,144	**3,422**	3,927

17. OTHER INCOME/(EXPENSES)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Rental income		**145**	30	**-**	-
Loss on disposal of property, plant and equipment		**-**	(104)	**-**	(104)
Loss on foreign exchange translation		**(5)**	(121)	**(588)**	(592)
Gain on liquidation of a subsidiary		**-**	-	**-**	3
Gain on bargain purchase	33(a),9	**808**	721	**-**	-
Others		**79**	31	**68**	-
		1,027	557	**(520)**	(693)

18. OPERATING EXPENSES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Hospitality management expenses					
Cost of ancillary services*		**2,513**	347	**-**	-
Other expenses		**738**	137	**-**	-
		3,251	484	**-**	-
Personnel expenses					
Short-term employee benefits		**5,730**	5,173	**4,688**	4,982
Defined contribution plan		**719**	520	**606**	506
Other personnel costs		**666**	401	**494**	391
		7,115	6,094	**5,788**	5,879

* Costs relate to the provision of room rental, sales of food and beverages and laundry services.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Administrative expenses					
Auditors' remuneration					
- statutory audit		**106**	69	**50**	50
- regulatory-related services		**5**	5	**5**	5
Depreciation of property, plant and equipment*	10	**474**	240	**204**	215
Depreciation of right-of-use assets	35	**185**	-	**185**	-
Rental of premises		**-**	119	**-**	119
Expected credit losses	6	**43**	-	**-**	-
Electricity and water charges		**820**	150	**7**	5
Legal and professional fees		**1,537**	148	**1,027**	139
Others		**2,025**	1,037	**648**	682
		5,195	1,768	**2,126**	1,215
Total operating expenses		**15,561**	8,346	**7,914**	7,094

* Excluding depreciation incurred by Libra Invest Berhad as disclosed in Note 22(a).

Included in the personnel expenses are Directors' remuneration of RM2,822,000 (2018: RM2,498,000) and RM2,812,000 (2018: RM2,441,000) of the Group and of the Company respectively.

19. INTEREST EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense on lease liabilities	**32**	-	**32**	-
Other finance costs *	**985**	160	**17**	75
	1,017	160	**49**	75

* Included in the other finance costs of the Group are interest paid for the floating rate term loan of RM970,000 (2018: RM160,000) as disclosed in Note 13.

20. DIRECTORS' REMUNERATION

Forms of remuneration in aggregate for all Directors for the financial year are as follows:

	Group				Company			
2019	**Salaries**	**Director Fees**	**Other emoluments[1]**	**Total**	**Salaries**	**Director Fees**	**Other emoluments[1]**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive Directors								
Dato' Seri Kalimullah bin Masheerul Hassan	**900**	**-**	**135**	**1,035**	**900**	**-**	**135**	**1,035**
Dato' Lim Kian Onn	**1,320**	**-**	**198**	**1,518**	**1,320**	**-**	**198**	**1,518**
	2,220	**-**	**333**	**2,553**	**2,220**	**-**	**333**	**2,553**
Non-executive Directors								
Datuk Kamarudin bin Md Ali	**-**	**53**	**30**	**83**	**-**	**53**	**25**	**78**
Dato' Othman bin Abdullah	**-**	**48**	**15**	**63**	**-**	**48**	**15**	**63**
En Mahadzir bin Azizan	**-**	**50**	**31**	**81**	**-**	**50**	**26**	**76**
Mr Gareth Lim Tze Xiang	**-**	**33**	**9**	**42**	**-**	**33**	**9**	**42**
	-	**184**	**85**	**269**	**-**	**184**	**75**	**259**
Total Directors' remuneration	**2,220**	**184**	**418**	**2,822**	**2,220**	**184**	**408**	**2,812**

[1] "Other emoluments" represents the Company's contribution to the Employees Provident Fund for Executive Directors and other allowances of the Non-Executive Directors.

20. DIRECTORS' REMUNERATION (continued)

	Group					Company				
2018	Salaries	Bonus	Director Fees	Other emoluments[1]	Total	Salaries	Bonus	Director Fees	Other emoluments[1]	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors										
Dato' Seri Kalimullah bin Masheerul Hassan *	325	88	23	101	537	325	88	23	101	537
Dato' Lim Kian Onn	1,200	300	-	225	1,725	1,200	300	-	225	1,725
	1,525	388	23	326	2,262	1,525	388	23	326	2,262
Non-executive Directors										
Datuk Kamarudin bin Md Ali	-	-	73	17	90	-	-	53	9	62
Dato' Othman bin Abdullah	-	-	48	9	57	-	-	48	9	57
En Mahadzir bin Azizan	-	-	70	18	88	-	-	50	10	60
Mr Gareth Lim Tze Xiang	-	-	33	5	38	-	-	33	5	38
	-	-	224	49	273	-	-	184	33	217
Total Directors' remuneration	1,525	388	247	375	2,535	1,525	388	207	359	2,479
Directors of subsidiaries	876	150	20	154	1,200					

* Redesignated from Non-Executive Director to Executive Director on 16 June 2018.

[1] "Other emoluments" represents the Company's contribution to the Employees Provident Fund, benefits-in-kind of the Executive Directors and meeting allowances of the Non-Executive Directors.

21. INCOME TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Income tax expense:				
- on continuing operations	**195**	734	**18**	231
- on discontinued operation (Note 22(a))	**98**	374	**-**	-
Total income tax expense	**293**	1,108	**18**	231
Major components of income tax expense include:				
Current tax expense				
Current financial year's provision	**293**	667	**-**	-
(Over)/under provision of income tax in prior financial years	**(46)**	82	**-**	92
	247	749	**-**	92
Deferred tax expense (Note 11)				
Relating to origination and reversal of temporary differences	**44**	399	**19**	153
Under/(over) provision of deferred tax in prior financial years	**2**	(40)	**(1)**	(14)
	46	359	**18**	139
Total income tax expense	**293**	1,108	**18**	231
Reconciliation of tax expense				
Profit/(loss) before tax:				
- from continuing operations	**(5,020)**	740	**(5,061)**	(3,935)
- from discontinued operation	**35,647**	5,504	**38,376**	(577)
	30,627	6,244	**33,315**	(4,512)
Tax at Malaysian statutory rate of 24% (2018: 24%)	**7,350**	1,498	**7,996**	(1,083)
Tax effects of:				
Non-allowable expenses	**1,243**	700	**869**	779
Non-taxable income	**(8,898)**	(1,633)	**(9,488)**	-
Current losses for which no deferred tax assets was recognised (a)	**630**	491	**630**	447
Deferred tax assets not recognised on unabsorbed capital allowance (b)	**12**	10	**12**	10
(Over)/under provision of income tax in prior financial years				
- income tax	**(46)**	82	**-**	92
- deferred tax	**2**	(40)	**(1)**	(14)
	293	1,108	**18**	231

21. INCOME TAX EXPENSE (continued)

(a) Current losses for which no deferred tax assets was recognised:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unused tax losses for which no deferred tax asset has been recognised	**2,625**	2,046	**2,625**	1,863
Potential tax benefit at Malaysian statutory rate of 24% (2018: 24%)	**630**	491	**630**	447

(b) Deferred tax assets not recognised on unabsorbed capital allowance:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Temporary differences relating to capital allowances for deferred tax asset not recognised:				
- Unabsorbed capital allowances	**50**	42	**50**	42
Unrecognised deferred tax asset relating to the above temporary differences at Malaysian statutory rate of 24% (2018: 24%)	**12**	10	**12**	10

The unused tax losses and unabsorbed capital allowances of the Group and of the Company were incurred by entities within the Group that are not likely to generate taxable income in the next 12 months since they do not conduct separate profit generating operations outside of investment holding or are dormant.

22. DISCONTINUED OPERATIONS

(a) On 28 March 2019, the Company entered into a conditional share purchase agreement with Kenanga Investors Berhad for the disposal of the entire equity interest in Libra Invest Berhad. The sale was completed on 8 July 2019.

The results of Libra Invest Berhad were not classified as results from a discontinued operations or classified as held for sale as at 31 December 2018 as the final commitment to dispose Libra Invest Berhad only occurred during the financial year. For presentation purpose, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations for the financial year then ended 31 December 2018.

Profit attributable to the discontinued operation was as follows:

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		**6,251**	12,452	**-**	-
Other income		**49**	-	**-**	-
Gain on disposal of discontinued operation		**35,000**	-	**38,541**	-
Operating expenses		**(5,653)**	(10,387)	**(165)**	-
Profit before tax		**35,647**	2,065	**38,376**	-
Income tax expense	21	**(98)**	(374)	**-**	-
Profit for the year		**35,549**	1,691	**38,376**	-
Included in the operating expenses are:					
- Property, plant and equipment written-off		**-**	(41)	**-**	-
- Depreciation of property, plant and equipment	10	**(176)**	(326)	**-**	-

The gain on disposal of the discontinued operation is attributable entirely to the gain on disposed interest in Libra Invest Berhad.

(b) The net cash flows generated from discontinued operation are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash generated from investing activities	**25,548**	-	**50,781**	-

22. DISCONTINUED OPERATIONS (continued)

(c) The major classes of assets and liabilities of Libra Invest Berhad and effect on disposal on the financial position of the Group and of the Company are, as follows:

Group	Note	2019 RM'000
Cash and cash equivalents		**25,233**
Trade and other receivables		**4,098**
Property, plant and equipment	10	**1,520**
Trade and other payables		**(14,937)**
Deferred tax liabilities	11	**(133)**
Net assets		**15,781**
Gain on disposal of discontinued operation		**35,000**
Fair value of consideration received, satisfied in cash		**50,781**
Cash and cash equivalents of subsidiaries disposed of		**(25,233)**
Net cash inflow		**25,548**

Company	Note	2019 RM'000
Fair value of consideration received, satisfied in cash		**50,781**
Cost of investment	8	**(12,240)**
Gain on disposal of discontinued operation		**38,541**

22. DISCONTINUED OPERATIONS (continued)

(d) Comparative financial information

Since the conditional share purchase agreement was entered into and completed during the financial year ended 31 December 2019, the operations of Libra Invest Berhad were not disclosed as a disposal group in the previous financial year. For the purpose of presentation, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented for the financial year then ended 31 December 2018.

		2018		
Group	**Note**	**As previously disclosed RM'000**	**Re-classification RM'000**	**Total RM'000**
Continuing operations				
Revenue		19,596	(12,452)	7,144
Other income		557	-	557
		20,153	(12,452)	7,701
Operating expenses		(18,733)	10,387	(8,346)
Operating profit/(loss)		1,420	(2,065)	(645)
Interest expense		(160)	-	(160)
Share of profit of equity-accounted joint ventures		1,545	-	1,545
Profit before tax		2,805	(2,065)	740
Income tax expense		(1,108)	374	(734)
Profit from continuing operations		1,697	(1,691)	6
Discontinued operation				
Profit from disposal of a subsidiary, net of tax	22(a)	-	1,691	1,691
Profit from discontinued operation, net of tax	22(e)	3,439	-	3,439
Profit from discontinued operation, net of tax		3,439	1,691	5,130
Profit for the year		5,136	-	5,136

(e) Discontinued operation in the previous financial year - Disposal of property, plant and equipment

The disposal of the East and Centre wings of Bangunan ECM Libra and the semi-detached resident property, for an aggregated cash consideration of RM28,000,000, were completed on 8 May 2018. Consequently, the rental business within the Investment Holding segment was presented as discontinued operation in the previous financial year ended 31 December 2018.

22. DISCONTINUED OPERATIONS (continued)

(e) Discontinued operation in the previous financial year - Disposal of property, plant and equipment (continued)

Profit/(loss) attributable to the discontinued operation for the previous financial year was as follows:

	Group 2018 RM'000	Company 2018 RM'000
Rental income	631	740
Gain/(loss) on disposal of discontinued operation	3,562	(563)
Property, plant and equipment written-off	(230)	(230)
Other operating expenses	(524)	(524)
Profit/(loss) before tax	3,439	(577)
Income tax expense	-	-
Profit/(loss) for the year	3,439	(577)

23. EARNINGS/(LOSS) PER ORDINARY SHARE

(a) Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share is calculated by dividing the Group's profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	2018
Profit/(loss) for the financial year attributable to owners of the Company (RM'000):		
- from continuing operations	**(5,215)**	6
- from discontinued operation	**35,549**	5,130
Weighted average number of ordinary shares in issue (units '000)	**479,926**	395,894
Basic earnings/(loss) per ordinary share (sen):		
- from continuing operations	**(1.09)**	-
- from discontinued operation	**7.41**	1.30
	6.32	1.30

23. EARNINGS/(LOSS) PER ORDINARY SHARE (continued)

(b) Diluted earnings/(loss) per ordinary share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

24. DIVIDENDS

For the current financial year ended 31 December 2019, the Directors do not recommend the payment of any dividend.

For the previous financial year ended 31 December 2018, a special single-tier dividend of RM0.1597 per ordinary share amounting to RM45,768,758 in respect of the financial year ended 31 December 2018 was paid on 8 May 2018.

25. COMMITMENTS

		Group	
	Note	**2019**	**2018**
		RM'000	**RM'000**
Approved and contracted for			
Proposed acquisition of Tune Hotel Kota Kinabalu	33	**-**	8,100
Proposed acquisition of Tune Hotel KLIA Aeropolis	34	**833**	833
Proposed acquisition of Tune Hotel Danga Bay	32	**16,450**	-
Proposed acquisition of the Chow Kit, an Ormond Hotel and MoMo's Kuala Lumpur	32	**45,590**	-
Property, plant and equipment		**7,017**	-
Joint venture			
Share of capital commitment of joint venture		**405**	1,454

26. CONTINGENT LIABILITIES

The Company has provided a corporate guarantee to a bank for a RM19,000,000 (2018: RM10,000,000) loan (see Note 13) taken by a subsidiary.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties and relationships

The related parties of, and their relationships (other than those disclosed in Note 6 and Note 12) with the Group and the Company are as follows:

Related parties	Relationships
Key management personnel	All Directors of the Company and members of management committee who make critical decisions in relation to the strategic direction of the Group and of the Company.
Related parties of key management personnel (deemed as related to the Group)	Close family members and dependents of key management personnel and entities that are controlled or significantly influenced by, or for which significant voting power in such entities reside with, directly or indirectly, by key management personnel or its close family members.

(b) Significant related party transactions and balances

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 6 and 12.

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income/(expenses):					
Interest income from subsidiaries		**-**	-	**1,571**	2,890
Rental income from:					
- related parties		**-**	48	**-**	48
- a subsidiary		**-**	-	**-**	109
Interest expense charged by a subsidiary		**-**	-	**-**	(75)
Rental expenses charged by a related party		**-**	(575)	**-**	(119)
Loan administrative income received from a subsidiary		**75**	-	**50**	-
Payment of lease liability charged by a related party		**(204)**	-	**(204)**	-
Intercompany loan:					
Loan from a subsidiary	27.1	**-**	-	**-**	(2,933)
Loan to subsidiaries	27.2	**-**	-	**3,428**	62,040
Advances to subsidiaries		**-**	-	**20,027**	600

27.1 During the financial year, the Company has fully repaid the loan from Libra Invest Berhad.

27.2 During the financial year, ECM Libra Partners Sdn Bhd has repaid the loan amounting to RM51,189,000 to the Company.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management for the financial year was as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fees and meeting allowances	**269**	316	**259**	260
Short-term employee benefits	**2,220**	4,861	**2,220**	2,768
Defined contribution plan	**333**	698	**333**	398
	2,822	5,875	**2,812**	3,426

Included in the total compensation of Directors and key management personnel are:

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Directors' remuneration	20	**2,822**	2,535	**2,812**	2,479

28. SEGMENTAL REPORTING

The Group's reportable operating segments are identified based on business units which are engaged in providing different services and products, as follows:

(a) Investment Holding - general investments and corporate related activities.

Rental business within the Investment Holding operating segment has been sold in May 2018, and this segment is presented as discontinued operation.

(b) Structured Financing - structured lending and financial services related activities.

(c) Hospitality - operating business of Tune Hotel Penang, Tune Hotel Kota Kinabalu and investment in hospitality related business through joint ventures.

(d) Fund Management - unit trust funds and asset management

The Company had on 28 March 2019 entered into a conditional share purchase agreement with Kenanga Investors Berhad for the proposed disposal of the entire equity interest in Libra Invest Berhad, which is the business unit engaged in fund management. The sale was completed on 8 July 2019. Consequently, Fund Management segment is presented as discontinued operation.

28. SEGMENTAL REPORTING (continued)

2019 Group	Continuing operations: Investment holding RM'000	Continuing operations: Structured financing RM'000	Continuing operations: Hospitality RM'000	Sub-total RM'000	Discontinued operation: Fund management RM'000	Discontinued operation: Investment holding RM'000	Total RM'000
Revenue	1,606	2,131	8,006	11,743	6,251	-	17,994
Other income	68	11	948	1,027	35,049	-	36,076
	1,674	2,142	8,954	12,770	41,300	-	54,070
Operating expenses of which:	(7,920)	(87)	(7,554)	(15,561)	(5,653)	-	(21,214)
- Depreciation of property, plant and equipment	(204)	-	(270)	(474)	(176)	-	(650)
- Depreciation of right-of-use assets	(185)	-	-	(185)	-	-	(185)
Operating (loss)/profit	(6,246)	2,055	1,400	(2,791)	35,647	-	32,856
Interest expense	(32)	-	(985)	(1,017)	-	-	(1,017)
Share of loss of equity-accounted joint ventures	-	-	(1,212)	(1,212)	-	-	(1,212)
(Loss)/profit before tax	(6,278)	2,055	(797)	(5,020)	35,647	-	30,627
Segment assets	96,936	7,464	47,679	152,079	-	-	152,079
Investment in joint ventures	-	-	65,762	65,762	-	-	65,762
Acquisition of property, plant and equipment	85	-	10,029	10,114	-	-	10,114
Total assets	97,021	7,464	123,470	227,955	-	-	227,955
Total liabilities	1,006	17	24,407	25,430	-	-	25,430

28. SEGMENTAL REPORTING (continued)

2018 Group	Continuing operations Investment holding RM'000	Structured financing RM'000	Hospitality RM'000	Sub-total RM'000	Discontinued operation Fund management RM'000	Investment holding RM'000	Total RM'000
Revenue	376	5,334	1,434	7,144	12,452	-	19,596
Other income	497	24	36	557	-	3,963	4,520
	873	5,358	1,470	7,701	12,452	3,963	24,116
Operating expenses of which:	(7,115)	(71)	(1,160)	(8,346)	(10,387)	(524)	(19,257)
- Depreciation of property, plant and equipment	(216)	-	(24)	(240)	(326)	-	(566)
Operating (loss)/profit	(6,242)	5,287	310	(645)	2,065	3,439	4,859
Interest expense	-	-	(160)	(160)	-	-	(160)
Share of profit of equity-accounted joint ventures	-	-	1,545	1,545	-	-	1,545
(Loss)/profit before tax	(6,242)	5,287	1,695	740	2,065	3,439	6,244
Segment assets	23,344	58,171	2,862	84,377	16,049	-	100,426
Investment in joint ventures	-	-	67,537	67,537	-	-	67,537
Acquisition of property, plant and equipment	942	-	22,206	23,148	360	-	23,508
Total assets	24,286	58,171	92,605	175,062	16,409	-	191,471
Total liabilities	1,765	94	11,202	13,061	4,275	-	17,336

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(i) Financial assets measured at amortised cost ("FA")
(ii) Financial assets at fair value through other comprehensive income ("FVOCI");
(iii) Financial assets at fair value through profit or loss ("FVTPL"); and
(iv) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount	FA/ (FL)	FVTPL	FVOCI
	RM'000	RM'000	RM'000	RM'000
2019				
Financial assets				
Cash and cash equivalents	55,988	55,988	-	-
Financial assets at fair value through profit or loss	20,958	-	20,958	-
Financial assets at fair value through other comprehensive income	20,423	-	-	20,423
Loans, advances and financing	5,738	5,738	-	-
Trade and other receivables excluding prepayments	25,618	25,618	-	-
	128,725	87,344	20,958	20,423
Financial liabilities				
Trade and other payables	(5,875)	(5,875)	-	-
Loans and borrowings	(18,947)	(18,947)	-	-
Lease liabilities	(537)	(537)	-	-
	(25,359)	(25,359)	-	-

29. FINANCIAL INSTRUMENTS (continued)

29.1 Categories of financial instruments (continued)

Group	Carrying amount RM'000	FA/ (FL) RM'000	FVTPL RM'000	FVOCI RM'000
2018				
Financial assets				
Cash and cash equivalents	13,781	13,781	-	-
Financial assets at fair value through other comprehensive income	21,353	-	-	21,353
Loans, advances and financing	57,903	57,903	-	-
Trade and other receivables excluding prepayments	5,215	5,215	-	-
	98,252	76,899	-	21,353
Financial liabilities				
Trade and other payables	(7,163)	(7,163)	-	-
Loans and borrowings	(9,941)	(9,941)	-	-
	(17,104)	(17,104)	-	-
Company				
2019				
Financial assets				
Cash and cash equivalents	**53,858**	**53,858**	**-**	**-**
Financial assets at fair value through profit or loss	**20,958**	**-**	**20,958**	**-**
Financial assets at fair value through other comprehensive income	**20,423**	**-**	**-**	**20,423**
Trade and other receivables excluding prepayments	**23,908**	**23,908**	**-**	**-**
	119,147	**77,766**	**20,958**	**20,423**
Financial liabilities				
Trade and other payables	**(523)**	**(523)**	**-**	**-**
Lease liabilities	**(459)**	**(459)**	**-**	**-**
	(982)	**(982)**	**-**	**-**

29. FINANCIAL INSTRUMENTS (continued)

29.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	FA/ (FL) RM'000	FVTPL RM'000	FVOCI RM'000
2018				
Financial assets				
Cash and cash equivalents	874	874	-	-
Financial assets at fair value through other comprehensive income	21,353	-	-	21,353
Trade and other receivables excluding prepayments	63,481	63,481	-	-
	85,708	64,355	-	21,353
Financial liabilities				
Trade and other payables	(4,694)	(4,694)	-	-

29.2 Determination of fair value

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date.

For financial assets measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, prices quoted by independent data providers and independent broker quotations.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models ("DCF") and other valuation techniques.

The valuation techniques used incorporate assumptions regarding discount rates, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair value derived. The Group and the Company generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgment and estimation, due to the low complexity of the financial assets held.

The comparison method seeks to determine the value of property by comparing and adopting as a yardstick, recent transaction and prices involving other similar properties in the vicinity. Due consideration is given for such factors including property type, location, plot size and permitted/licensed uses of the property. The comparison method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property. The yardstick applied by the Group and the Company is the price per square foot.

The significant unobservable input is the adjustment of the price per square foot for factors specific to the properties of the joint ventures and subsidiaries within the Group and the Company. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgment, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

29. FINANCIAL INSTRUMENTS (continued)

29.2 Determination of fair value (continued)

Fair value measurement

The Group and the Company classify financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1: Quoted (unadjusted) market price in active markets for identical assets and 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.

The carrying amounts of cash and cash equivalents, loans, advances and financing, amount owing by subsidiaries, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. For floating rate bank loans, the carrying value is generally a reasonable estimate of fair value.

The following table shows the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

Group and Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted shares	**251**	**-**	**-**	**251**
- Unquoted investments	**-**	**-**	**20,172**	**20,172**
Financial assets at fair value through profit or loss				
- Unit trust fund	**-**	**20,958**	**-**	**20,958**
	251	**20,958**	**20,172**	**41,381**
2018				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted shares	653	-	-	653
- Unquoted investments	-	-	20,700	20,700
	653	-	20,700	21,353

29. FINANCIAL INSTRUMENTS (continued)

29.2 Determination of fair value (continued)

Transfers between Level 1 and Level 2 fair values

There were no transfer between Level 1 and Level 2 of the fair value hierarchy during the financial year (2018: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

Group and Company	2019 RM'000	2018 RM'000
Unquoted investments		
At beginning of the financial year	**20,700**	20,238
Purchases	**451**	300
Fair value (loss)/gain recognised in other comprehensive income	**(979)**	162
At end of the financial year	**20,172**	20,700

The fair value of unquoted equity investments have been estimated using comparison method for investments that derive the significant majority of their value from underlying property holdings and DCF techniques for all other investments.

The DCF model under income approach incorporates the following unobservable inputs: the forecast cash flows, the cost of capital, long term growth rates and long term operating margins. Whereas, the most significant input into the comparison method is price per square foot.

The table below illustrates the impact on the fair value arising from the key unobservable inputs.

Sensitivity analysis

Group and Company	Other comprehensive income	
2019	**Increase RM'000**	**Decrease RM'000**
Cost of capital (0.01% movement)	**(4)**	**4**
Long term growth rate (0.01% movement)	**3**	**(3)**
Long term operating margin (0.01% movement)	**10**	**(10)**
Price per square foot (0.01% movement)	**3**	**(3)**

29. FINANCIAL INSTRUMENTS (continued)

29.2 Determination of fair value (continued)

Sensitivity analysis (continued)

Group and Company	Other comprehensive income	
2018	**Increase RM'000**	**Decrease RM'000**
Cost of capital (0.01% movement)	(43)	43
Long term growth rate (0.01% movement)	32	(32)
Long term operating margin (0.01% movement)	18	(18)

The estimated fair value would increase/(decrease) if the long term growth rate, long term operating margin or price per square foot is higher/(lower). The estimated fair value would (decrease)/increase if the cost of capital were higher/(lower).

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to a variety of financial risks, which include credit risk, market risk and liquidity risk.

The Board of Directors is responsible for managing the Group's and the Company's financial risks and has appointed the Board of Audit and Risk Management Committee ("BARMC") to oversee the effectiveness of the Group's and the Company's risk management policies and processes.

The Group's and the Company's overall risk management is carried out through internal control processes and is being separately set out below to reflect the substantial component of the Group's and the Company's financial risks.

Credit risk

Credit risk is the risk of a financial loss if a customer, borrower or counterparty to a financial instrument fails to meet its contractual financial obligations.

The Group's exposure to credit risk arises principally from its operating activities (primarily trade and other receivables) and from its lending activities. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantee given to bank for credit facilities granted to a subsidiary.

(a) Trade receivables and contract assets

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(a) Trade receivables and contract assets (continued)

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Recognition and measurement of impairment loss

Trade receivables are non-interest bearing and are on 30 days terms. Other credit terms are assessed and approved on a case-by case basis.

The allowance for impairment loss is measured by the Group using lifetime expected credit losses ("ECLs"). Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 6.

(b) Loans, advances and financing

The Group manages credit risk arising from loans, advances and financing by undertaking credit evaluation to minimise such risk.

- Lending to individuals

  The credit granting to individuals is individually underwritten, which amongst others, includes the assessment of the historical repayment track record, the current repayment capacity of the customers, types of facilities and collaterals offered. The credit approving authority has the responsibility to ensure that credit risk is properly assessed and all crucial credit information of the customers, types of facilities and collaterals offered are included in the loan application.

- Lending to corporate customers

  Credit granting to corporate customers is individually underwritten. Credit officers identify and assess the credit risks of the corporate customers, taking into consideration their financial and business profiles, industry and economic factors, or other credit supports.

As at the end of the reporting period, the maximum exposure to credit risk arising from loans, advances and financing are represented by the carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Group uses three categories of internal credit risk ratings for loans, advances and financing which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings reflect probability-weighted outcomes, the time value of money and other reasonable and supportable assumptions based on information that is available without undue cost or effort at the reporting date about past events, current conditions and other forward looking factors.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(b) Loans, advances and financing (continued)

Recognition and measurement of impairment loss (continued)

As at the end of the reporting period, the maximum exposure to credit risk arising from loans, advances and financing is represented by their carrying amounts in the statement of financial position. An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans, advances and financing, is as follows:

Group	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2018	-	59,071	-	59,071
Interest income	-	4,661	-	4,661
Repayments	-	(5,829)	-	(5,829)
At 31 December 2018/1 January 2019	**-**	**57,903**	**-**	**57,903**
Interest income	**-**	**1,894**	**-**	**1,894**
Repayments	**-**	**(54,059)**	**-**	**(54,059)**
Transfer to Stage 3	**-**	**(5,738)**	**5,738**	**-**
At 31 December 2019	**-**	**-**	**5,738**	**5,738**

(i) Expected credit losses

For all loans, advances and financing that were considered individually significant, the Group assessed on a case-by-case basis at each reporting date whether there has been a significant increase in credit risk. Loans that experience a significant increase in credit risk are transferred from Stage 1 to either Stage 2 or Stage 3. The criteria that the Group use to determine that there was objective evidence of impairment include:

- The principal or interest or both was past due for more than 90 days or 3 months; and/or

- The amount was past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, whereby the facility or borrower exhibits credit quality weaknesses arising from the Group's internal credit risk assessment.

At the reporting date, all loans are classified as Stage 3 (2018: Stage 2).

(ii) The credit risk of financial assets of the Group is mitigated by the collateral held against the financial assets. At the reporting date, the value of the collateral held by the Group exceeds the carrying amount of the loans, advances and financing.

(iii) Repossessed collateral

These are assets obtained by taking possession of collateral held as security against loans, advances and financing.

Repossessed collaterals are sold as soon as practicable. Repossessed collaterals are recognised in other assets on the statements of financial position. At the reporting date, there was no repossessed collateral.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

c) Inter-company loans and advances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans to subsidiaries, is as follows:

Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2018	53,700	-	-	53,700
Loan to a subsidiary	11,266	-	-	11,266
Interest income	2,890	-	-	2,890
Repayments	(5,216)	-	-	(5,216)
At 31 December 2018/1 January 2019	**62,640**	**-**	**-**	**62,640**
Advances to subsidiaries	**19,775**	**-**	**-**	**19,775**
Interest income	**1,571**	**-**	**-**	**1,571**
Conversion of loan to shares in a subsidiary	**(7,500)**	**-**	**-**	**(7,500)**
Repayments	**(53,031)**	**-**	**-**	**(53,031)**
At 31 December 2019	**23,455**	**-**	**-**	**23,455**

The Company considers a subsidiary's loan and advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance to the Company in full or the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available. At the reporting date, there is no allowance for impairment in respect of subsidiaries' loans and advances.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(d) Financial guarantees

The Company provides unsecured financial guarantee to a commercial bank in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loan regularly.

The maximum exposure to credit risk amounts to RM19,000,000 (2018: RM10,000,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. The financial guarantee is provided as credit enhancements to the subsidiary's secured loan.

The Company assumes that there is significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full or the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. At the reporting date, there was no allowance for impairment in respect of financial guarantees.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices that will affect the Group's and the Company's financial position or cash flows.

(a) Equity price risk

Equity price risk arises from the Group's and the Company's investments in equity securities.

Management of the Group monitors the equity investments on a portfolio basis. All buy and sell decisions are approved by the Board of Directors of the Group.

A 10% (2018: 10%) strengthening in FTSE Bursa Malaysia KLCI ("FBMKLCI") at the end of the reporting period with all other variables held constant and assuming the Group's and the Company's quoted equity investments moved in correlation with the FBMKLCI, would have increased the Group's and the Company's equity by RM25,000 (2018: RM65,000) for quoted equity investments classified as financial assets at fair value through other comprehensive income. A 10% (2018: 10%) weakening in FBMKLCI would have had an equal but opposite effect on equity. A 1% (2018: nil) increase in the unit price of the unit trust fund would have increased the Group's and the Company's profit by RM200,000 (2018: nil). A 1% decrease in the unit price of the unit trust fund would have had an equal but opposite effect on profit.

(b) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities.

The Group's and the Company's exposure to interest rate risk is mainly confined to short-term placements with financial institutions. The Group and the Company mitigate interest rate risk exposure by way of maintaining deposits on short-term basis.

The Group is also exposed to interest rate through loans, advances and financing provided to its customers and variable rate borrowings obtained from the Bank. The Company is also exposed to interest rate risk through loans and advances to subsidiaries, ECML Hotels Sdn. Bhd. and ECM Libra Partners Sdn. Bhd. and advances from a subsidiary, Libra Invest Berhad.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(b) Interest rate risk (continued)

The interest rate profile of the Group's and of the Company's interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period was:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Fixed rate instruments				
Loans, advances and financing	**5,738**	57,903	**-**	-
Deposit placements with licensed financial institutions	**54,114**	9,230	**53,701**	730
	59,852	67,133	**53,701**	730
Floating rate instruments				
Loans to subsidiaries	**-**	-	**3,428**	62,040
Advances from a subsidiary	**-**	-	**-**	(2,000)
Loans and borrowings	**(18,947)**	(9,941)	**-**	-
Lease liabilities	**(537)**	-	**(459)**	-
	(19,484)	(9,941)	**2,969**	60,040

A 25 basis point increase in interest rates based on currently observable market environment with all other variables held constant, would have the following effect on the Group's and the Company's profit after tax and equity:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Increase in profit after tax				
Fixed rate instruments	**114**	125	**102**	1
Floating rate instruments	**(37)**	(19)	**6**	114
	77	106	**108**	115

An equivalent decrease in interest rates shown above would result in an equivalent, but opposite impact. The projection assumes a constant financial position and that all positions run to maturity.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

(c) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on investment in joint ventures and financial assets (quoted shares outside Malaysia) that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily Australian Dollar ("AUD") and Great Britain Pound ("GBP").

The Group and the Company do not hedge its foreign currency risk. The Group's and the Company's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

	Denominated in AUD		Denominated in GBP	
Group and Company	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Advances owing by joint venture company	**30,513**	31,101	**-**	-
Financial assets at fair value through other comprehensive income	**-**	-	**-**	183
Net exposure	**30,513**	31,101	**-**	183

A 10% strengthening of RM against the above currencies at the end of the reporting period would have decreased the Group's and the Company's profit after tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period with all other variables remained constant.

	Denominated in AUD		Denominated in GBP	
Group and Company	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Decrease in profit after tax	**2,319**	2,364	**-**	14

A 10% weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Liquidity risk is managed on a projected cash flows basis and funds management including the maintenance of a portfolio of highly liquid assets that can be easily liquidated as buffer against any unforeseen interruption to cash flows. The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2019							
Trade and other payables	**5,875**	**-**	**5,875**	**5,788**	**87**	**-**	**-**
Loans and borrowings	**18,947**	**5.97%**	**23,784**	**204**	**1,036**	**10,067**	**12,477**
Lease liabilities	**537**	**5.97% - 12.25%**	**577**	**276**	**216**	**85**	**-**
	25,359		**30,236**	**6,268**	**1,339**	**10,152**	**12,477**
2018							
Trade and other payables	7,163	-	7,163	7,123	40	-	-
Loans and borrowings	9,941	6.22%	12,359	-	-	3,973	8,386
	17,104		19,522	7,123	40	3,973	8,386
Company							
2019							
Trade and other payables	**523**	**-**	**523**	**523**	**-**	**-**	**-**
Lease liabilities	**459**	**5.97%**	**493**	**204**	**204**	**85**	**-**
	982		**1,016**	**727**	**204**	**85**	**-**
2018							
Trade and other payables	4,694	-	4,694	4,694	-	-	-

31. CAPITAL RISK MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or buy-back shares from the open market to be held as treasury shares and cancellation of treasury shares.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The Company had on 8 August 2019 announced that ECML Hotels Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement ("SPA") with OMT Hotels Sdn Bhd (formerly known as Tune Hotels Sdn Bhd) for the proposed acquisition of:

(a) a piece of land together with a 7-storey limited-service hotel known as "Tune Hotel @ Danga Bay" comprising 218 hotel rooms,

(b) two pieces of land in Bandar Kuala Lumpur together with an existing structure which is being re-developed into two hotels to be known as "The Chow Kit, an Ormond hotel" comprising 113 hotel rooms and "MoMo's Kuala Lumpur" comprising 99 hotel rooms and one piece of vacant land (collectively referred to as "KL Property"), and

(c) hospitality businesses,

for total cash consideration of RM62,040,000 upon the terms and conditions as set out in the SPA and to assume the remaining costs and expenses estimated to be approximately RM26,340,000 for the renovation works on the KL Property (collectively referred to as "Proposed Acquisition of Hospitality Assets").

At the Extraordinary General Meeting of the Company held on 3 December 2019, the shareholders had approved the Proposed Acquisition of Hospitality Assets.

The Proposed Acquisition of Hospitality Assets is currently on-going.

33. BUSINESS COMBINATIONS

(a) On 29 April 2019, the Company acquired Tune Hotel Kota Kinabalu with an existing hotel operating business for RM9,000,000 which was financed through loans and borrowings (Note 13).

The investment is consistent with the Group's and the Company's effort to further expand its business into the travel and hospitality industry.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

2019 Group	Note	Tune Hotel Kota Kinabalu RM'000
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment, representing total identifiable net assets at fair value	10	**9,808**
Gain on bargain purchase arising on acquisition	17	**(808)**
Purchase consideration, financed through loans and borrowings	13	**9,000**

The net assets recognised were based on independent valuation performed by external property valuers on 29 April 2019.

33. BUSINESS COMBINATIONS (continued)

(b) In the previous financial year ended 31 December 2018, the Company acquired the following:

(i) 50% equity interest in TP Sepang Sdn. Bhd. (now known as OHG Services Sdn. Bhd.), Yummy Kitchen Sdn. Bhd. (now known as Ormond Lifestyle Services Sdn. Bhd.), TP International Pty Ltd and 40.005% equity interest in TP Hotel (Flinders) Trust (together with 40.005% of the rights and benefits to the total advances owing by TP Hotel (Flinders) Trust) via allotment and issuance of 160,205,555 new ordinary shares in the Company at an issue price of RM0.36 per share to satisfy the total purchase consideration of RM57,674,000;

(ii) acquired 50% equity interest in Tune Plato Ventures Sdn. Bhd. for cash consideration of RM6,000,000; and

(iii) Tune Hotel Penang with existing hotel operating business via allotment and issuance of 33,127,777 new ordinary shares in the Company at an issue price of RM0.36 per share and payment of RM9,074,000 through loans and borrowings to satisfy the purchase consideration of RM21,000,000 (Note 10).

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

2018 Group	**Note**	**OHG Services Sdn. Bhd. RM'000**	**Ormond Lifestyle Services Sdn. Bhd. RM'000**	**TP International Pty Ltd RM'000**	**TP Hotel (Flinders) Trust RM'000**	**Tune Plato Ventures Sdn. Bhd. RM'000**	**Tune Hotel Penang RM'000 (Note 10)**
Identifiable assets acquired and liabilities assumed							
Property, plant and equipment		4,739	271	-	59,943	-	21,000
Intangible assets		54,400	-	-	-	-	-
Cash and cash equivalents		5,923	934	19	14,506	12,000	-
Trade and other receivables		4,366	627	2	2,514	-	-
Inventories		117	148	-	-	-	-
Trade and other payables		(4,561)	(510)	(221)	(296)	-	-
Deferred tax liability		(2,650)	(14)	-	-	-	-
Loans and borrowings		(33,234)	-	-	-	-	-
Shareholders' advances		-	-	-	(78,920)	-	-
Total identifiable net assets		29,100	1,456	(200)	(2,253)	12,000	21,000
Group's share in equity (%)		50%	50%	50%	40.005%	50%	100%
Group's share in equity		14,550	728	(100)	(901)	6,000	21,000
Advances owing by joint venture company		-	-	-	31,572	-	-
Fair valuation on net assets at date of acquisition							
- Intangible assets	33.1	9,531	-	-	-	-	-
- Freehold land		-	-	-	1,538	-	-
Good will arising on acquisition	33.2	-	-	100	3,421	-	-
Gain on bargain purchase arising on acquisition		-	(721)	-	-	-	-
Purchase consideration transferred		24,081	7	-	35,630	6,000	21,000

33. BUSINESS COMBINATIONS (continued)

2018 Group	Note	OHG Services Sdn. Bhd. RM'000	Ormond Lifestyle Services Sdn. Bhd. RM'000	TP International Pty Ltd RM'000	TP Hotel (Flinders) Trust RM'000	Tune Plato Ventures Sdn. Bhd. RM'000	Tune Hotel Penang RM'000 (Note 10)
Purchase consideration							
Issuance of shares		24,009	-	-	33,665	-	11,926
Cash considerations		72	7	-	1,965	6,000	-
Loans and borrowings		-	-	-	-	-	9,074
Total consideration		24,081	7	-	35,630	6,000	21,000

33.1 Fair valuation of net assets - intangible assets

Fair valuation of net assets for intangible assets comprises the fair value of an identified intangible asset, which is prepaid lease of RM9,531,000. The prepaid lease is related to the concession agreement entered into by TP Sepang Sdn. Bhd. ("TP Sepang") with Malaysia Airports (Properties) Sdn. Bhd. ("MAP") for the design, construction, operation management and maintenance of limited services hotel at the Kuala Lumpur International Airport for a period of 21 years and 11 months from 1 March 2012 to 31 January 2034 (the "Concession Agreement").

In accordance with the Concession Agreement, MAP granted TP Sepang the right and authority to:

(i) design, construct, build, operate, maintain and manage the hotel on a built-operate-transfer model

(ii) provide hotel services

(iii) construct a link bridge connecting to the airport site complex

(iv) use the concession area for permitted use.

(collectively, the " Hotel Operation Rights ("HOR") ")

The costs associated with acquisition of the HOR were borne by TP Sepang and these amounts were capitalised as "Prepaid lease". HOR represents consideration paid for the rights to design, construct and operate a hotel which have been granted to TP Sepang.

33.2 Goodwill arising on acquisition

The goodwill of RM3,521,000 comprises the value of expected synergies arising from the acquisition, which is not separately recognised. No separately identifiable intangible assets were identified since the entities are still in the gestation/start-up phase of their respective operating life-cycles and have not entered into arrangements/activities/operations that could give rise to any. Therefore, it does not meet the criteria for recognition as a separately identifiable intangible asset.

34. SUBSEQUENT EVENT

(i) On 2 January 2020, the sale and purchase agreement dated 4 May 2017 between the Company and Tune Hotels Sdn Bhd (now known as OMT Hotels Sdn Bhd) for the acquisition of the rights to operate and maintain the Tune Hotel KLIA Aeropolis for a cash consideration of RM926,000 has been completed. As at 31 December 2019, the company had paid RM92,600 as a deposit in respect of the purchase consideration.

(ii) 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 of the hotels owned and operated by a subsidiary and certain joint ventures of the Group after the reporting period, as disclosed in Notes 8 and 9 respectively. The estimate of the financial impact cannot be reasonably determined at this juncture.

35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16 *Leases* ("MFRS 16").

Effects of adopting MFRS 16

The Group and the Company adopted the requirements of MFRS 16 on 1 January 2019 using the modified retrospective approach, with the cumulative effect of adopting MFRS 16, if any, being recognised in equity as an adjustment to the opening balance of retained profits for the current year. Prior periods have not been restated - i.e. it is presented, as previously reported under MFRS 117 *Leases* ("MFRS 117") and IC Interpretation 4 *Determining Whether an Arrangement contains a Lease* ("IC Interpretation 4"). Accordingly, the financial statements of the previous year are not comparable.

(i) Recognition of leases at 1 January 2019, previously recognised under MFRS 117

On adoption of MFRS 16, the Group and the Company elected not to reassess whether a contract is, or contains lease at the date of initial application as described in Note 2.2. Instead, for contracts entered into before the transition date, the Group and the Company relied on the previous assessment made in accordance with MFRS 117 and IC Interpretation 4. Therefore, the definition of a lease under MFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The Group and the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group and the Company. Under MFRS 16 at 1 January 2019, the Group and the Company recognised right-of-use assets ("ROU") and lease liabilities in respect of the all the Group and the Company's leases that did not qualify for any exemption from the application of MFRS 16.

(ii) Measurement of leases at 1 January 2019, previously measured under MFRS 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Company's incremental borrowing rate as offered by active creditors of the Group and of the Company as at 1 January 2019. The cost of ROU includes the amount of lease liabilities recognised at the commencement date.

The Group and the Company elected the following transition practical expedients on a lease-by-lease basis for measurement purposes at first-time application of the standard:

- Relying on previous impairment assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;

- Elected not to recognise the associated ROU and lease liabilities for lease contracts with remaining lease term not exceeding twelve months at the date of initial application;

- Initial direct costs are excluded from the measurement of the ROU at the date of initial application;

35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

Effects of adopting MFRS 16 (continued)

(ii) Measurement of leases at 1 January 2019, previously measured under MFRS 117 (continued)

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The Group and the Company elected to expense any variable lease payments, as established in the terms to any lease contract, when they are incurred.

(iii) Impacts on financial statements

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 for the Group and the Company is 5.97%.

The following table presents the reconciliation of lease liabilities as of 1 January 2019:

Group and Company	RM'000
Assets	
Operating lease commitments as at 31 December 2018	697
Weighted average incremental borrowing rate as at 1 January 2019	5.97%
Discounted operating lease commitments as at 1 January 2019	631

The recognised right-of-use assets relate to the following type of assets:

Group and Company	RM'000
Rental of office premise	631

The financial effects due to the changes in accounting policies have been adjusted to the statements of financial position of the Group and of the Company as at 1 January 2019. There are no changes to the comparatives in the statements of profit or loss and statements of cash flows of the Group and of the Company.

35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

Effects of adopting MFRS 16 (continued)

(iii) Impacts on financial statements (continued)

The table below summarises the effects upon adoption of MFRS 16 as at 1 January 2019 and the movements during the year ended 31 December 2019:

	Group		Company	
	Right-of-use assets RM'000	**Lease liabilities RM'000**	**Right-of-use assets RM'000**	**Lease liabilities RM'000**
At 31 December 2018	-	-	-	-
Additions	631	(709)	631	(631)
As restated at 1 January 2019	631	(709)	631	(631)
Depreciation of right-of-use assets	(185)	-	(185)	-
Interest expense	-	(32)	-	(32)
Payment	-	204	-	204
At 31 December 2019	**446**	**(537)**	**446**	**(459)**

The following table sets out the amount recognised in profit or loss:

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Depreciation of right-of-use assets					
- Rental of office premise	18	**(185)**	-	**(185)**	-
Interest expense on lease liabilities	19	**(32)**	-	**(32)**	-
Expenses relating to leases with a remaining term of twelve months or less from the date of application of MFRS 16 not recognised in the measurement of lease liabilities		**9**	-	**1**	-
Rental expense on operating leases		**-**	119	**-**	119

other information

1. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts including contracts relating to loans (not being contracts entered into in the ordinary course of business) of the Company and its subsidiaries, involving the interests of the Directors or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

(i) A sale and purchase agreement dated 4 May 2017, supplemented by the supplemental letter dated 26 October 2017 and varied by the variation letters dated 3 May 2018, 2 July 2018, 3 September 2018, 1 October 2018, 27 December 2018, 27 February 2019, 3 September 2019 and 16 December 2019 between the Company and Tune Hotels Sdn Bhd (now known as OMT Hotels Sdn Bhd") ("OMT") for the acquisition of the rights to operate and maintain Tune Hotel KLIA Aeropolis, together with existing tenancies for a cash consideration of RM926,000 ("Proposed Tune Hotel KLIA Aeropolis Acquisition"); and

(ii) A sale and purchase agreement dated 8 August 2019 ("SPA") between ECML Hotels Sdn Bhd ("ECML Hotels"), a wholly-owned subsidiary of the Company, and OMT for the acquisition of:

(a) a piece of land together with a 7-storey limited-service hotel known as "Tune Hotel @ Danga Bay" comprising 218 hotel rooms;

(b) two pieces of land in Bandar Kuala Lumpur together with an existing structure which is being re-developed into two hotels to be known as "The Chow Kit, an Ormond hotel" comprising 113 hotel rooms and "MoMo's Kuala Lumpur" comprising 99 hotel rooms, and one piece of vacant land (collectively referred to as "KL Property"); and

(c) hospitality businesses

for a total cash consideration of RM62.04 million upon the terms and conditions as set out in the SPA and to assume the remaining costs and expenses estimated to be approximately RM26.34 million for the renovation works on the KL Property (collectively referred to as "Proposed Acquisition of Hospitality Assets").

Interests of Directors or major shareholders and/or persons connected with them, in the Proposed Tune Hotel KLIA Aeropolis Acquisition and Proposed Acquisition of Hospitality Assets:

(i) Tan Sri Dr Anthony Francis Fernandes, a major shareholder of the Company via his indirect shareholding in the Company, is also a director and major shareholder of OMT via his indirect interest in OMT;

(ii) Dato' Seri Kalimullah bin Masheerul Hassan, the Chairman and a major shareholder of the Company via his direct shareholding in the Company, is also a director and major shareholder of OMT via his indirect interest in OMT;

(iii) Datuk Kamarudin bin Meranun, a major shareholder of the Company via his indirect shareholding in the Company, is also a director and major shareholder of OMT, via his indirect interest in OMT;

(iv) Dato' Lim Kian Onn, the Managing Director and a major shareholder of the Company via his direct and indirect shareholding in the Company, is also a director and major shareholder of OMT, via his indirect interest in OMT;

(v) Gareth Lim Tze Xiang, a Non-Independent Non-Executive Director of the Company, is deemed interested by virtue of him being the son of Dato' Lim Kian Onn;

(vi) Truesource Pte Ltd, a major shareholder of the Company via its direct shareholding in the Company, is a wholly-owned subsidiary of Plato Capital Limited, which is ultimately controlled by Dato' Lim Kian Onn;

(vii) Garynma MY Capital Limited and Garynma MY Holdings Limited, being major shareholders of the Company via their direct and indirect shareholding in the Company respectively, are companies in which Dato' Lim Kian Onn has an interest by virtue his interest via Garynma Trust which holds all the shares in Garynma MY Holdings Limited, which is the holding company of Garynma MY Capital Limited;

1. MATERIAL CONTRACTS (continued)

Interests of Directors or major shareholders and/or persons connected with them, in the Proposed Tune Hotel KLIA Aeropolis Acquisition and Proposed Acquisition of Hospitality Assets (continued):

(viii) Julius Baer Trust Company (Singapore) Limited, a major shareholder of the Company via its indirect shareholding in the Company, is the trustee of Garynma Trust in which Dato' Lim Kian Onn has an interest; and

(ix) Tune Group Sdn Bhd, a major shareholder of the Company via its direct shareholding in the Company, is a company in which Tan Sri Dr Anthony Francis Fernandes and Datuk Kamarudin bin Meranun have interest.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid and payable by the Company and the Group to the external auditors for the financial year ended 31 December 2019 are as follows:

	Company (RM)	**Group (RM)**
Statutory audit fees	50,000	106,000
Non-audit fees		
- Review of Statement on Risk Management & Internal Control	5,000	5,000
Total	55,000	111,000

3. ANALYSIS OF SHAREHOLDERS AS AT 29 MAY 2020

Total no. of issued shares : 479,925,823
Class of shares : Ordinary shares
Voting rights : 1 vote for each share held on a poll

Distribution schedule of shareholdings:

Size of holdings	**Number of shareholders**	**%**	**Number of shares**	**%**
Less than 100	5,375	41.77	159,231	0.03
100 – 1,000	3,951	30.71	1,527,581	0.32
1,001 – 10,000	2,791	21.69	9,034,188	1.88
10,001 – 100,000	669	5.20	18,901,100	3.94
100,001 – less than 5% of issued shares	75	0.58	82,091,216	17.11
5% and above of issued shares	6	0.05	368,212,507	76.72
Total	12,867	100.00	479,925,823	100.00

3. ANALYSIS OF SHAREHOLDERS AS AT 29 MAY 2020 (continued)

Thirty largest shareholders:

	Name of shareholders	Number of shares	%
1.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tune Group Sdn Bhd	110,150,480	22.95
2.	HSBC Nominees (Asing) Sdn Bhd - exempt an for Bank Julius Baer & Co Ltd	105,334,214	21.95
3.	Kenanga Nominees (Asing) Sdn Bhd - Truesource Pte Ltd	56,694,973	11.81
4.	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – AmBank (M) Berhad for Kalimullah bin Masheerul Hassan	43,574,753	9.08
5.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Kian Onn	26,283,025	5.48
6.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kalimullah bin Masheerul Hassan	26,175,062	5.45
7.	Tan Han Chuan	12,008,600	2.50
8.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Ching Ching	11,666,200	2.43
9.	Tune Group Sdn Bhd	8,816,906	1.84
10.	Lim Kian Onn	8,694,953	1.81
11.	Plato Capital Sdn Bhd - Pledged Securities Account for Christopher Mark Anthony Lankester	4,809,221	1.00
12.	HSBC Nominees (Asing) Sdn Bhd - exempt an for JPMorgan Chase Bank, National Association	3,974,300	0.83
13.	Kenanga Nominees (Tempatan) Sdn Bhd - Kenanga Investors Berhad for ECM Libra Foundation	3,699,255	0.77
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - exempt an for CGS-CIMB Securities (Singapore) Pte Ltd	3,674,948	0.77
15.	Lim Su Tong @ Lim Chee Tong	3,636,270	0.76
16.	Sumberama Sdn Bhd	1,500,000	0.31
17.	Quek Siow Leng	1,437,163	0.30
18.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Teo Siew Lai	1,200,000	0.25
19.	Tassapon Bijleveld	1,180,827	0.25
20.	Teo Kwee Hock	1,135,700	0.24
21.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kalimullah bin Masheerul Hassan	813,000	0.17

3. ANALYSIS OF SHAREHOLDERS AS AT 29 MAY 2020 (continued)

Thirty largest shareholders (continued):

Name of shareholders		Number of shares	%
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Leong Chin Chye	650,000	0.14
23.	Tan Swan Po @ Dolly Tan	554,933	0.12
24.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yong Loy Huat	500,000	0.10
25.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yong Loy Huat	500,000	0.10
26.	Detik Jalur Sdn Bhd	485,430	0.10
27.	Sendjaja Widjaja	448,714	0.09
28.	Citigroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Vijaya Alphonsus Rajadurai	415,500	0.09
29.	Yu Sze Yung	400,000	0.08
30.	Affin Hwang Nominees (Tempatan) Sdn Bhd - DBS Vickers Secs (S) Pte Ltd for Goon Tuck Khoon	398,900	0.08

Note: The analysis of shareholders is based on the Record of Depositors of the Company as at 29 May 2020 and does not take into account shares transacted but pending settlement through Bursa Malaysia Securities Berhad.

3. ANALYSIS OF SHAREHOLDERS AS AT 29 MAY 2020 (continued)

Substantial shareholders as per Register of Substantial Shareholders of the Company as at 29 May 2020:

	Direct interest		Deemed interest	
Name of substantial shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Dato' Lim Kian Onn	34,977,978	7.29	130,387,186[(1)]	27.17
Dato' Seri Kalimullah bin Masheerul Hassan	70,562,815	14.70	-	-
Truesource Pte Ltd	56,694,973	11.81	-	-
Plato Capital Limited	-	-	56,694,973 [(2)]	11.81
Garynma MY Capital Limited	72,255,050	15.06	-	-
Garynma MY Holdings Limited	-	-	72,255,050[(3)]	15.06
Julius Baer Trust Company (Singapore) Limited	-	-	72,255,050[(4)]	15.06
Tune Group Sdn Bhd	118,967,386	24.79	-	-
Tan Sri Dr Anthony Francis Fernandes	-	-	118,967,386[(5)]	24.79
Datuk Kamarudin bin Meranun	-	-	118,967,386[(5)]	24.79

Notes:

(1) Deemed interest of 27.17% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act 2016 and his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.
(2) Deemed interest of 11.81% by virtue of Plato Capital Limited, being the holding company of Truesource Pte Ltd pursuant to Section 8(4) of the Companies Act 2016.
(3) Deemed interest of 15.06% by virtue of Garynma MY Holdings Limited, being the holding company of Garynma MY Capital Limited pursuant to Section 8(4) of the Companies Act 2016.
(4) Deemed interest of 15.06% by virtue of Julius Baer Trust Company (Singapore) Limited, being the trustee of Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act 2016.
(5) Deemed interest of 24.79% by virtue of his interest in Tune Group Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

4. DIRECTORS' INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS AS AT 29 MAY 2020

Other than as disclosed below, none of the other Directors of the Company has any interest in the Company and/or its related corporations:

	Direct interest		Deemed interest	
Name of directors	**Number of shares**	**%**	**Number of shares**	**%**
Dato' Seri Kalimullah bin Masheerul Hassan	70,562,815	14.70	-	-
Dato' Lim Kian Onn	34,977,978	7.29	130,387,186[(1)]	27.17
Datuk Kamarudin bin Md Ali	50,000	0.01	-	-

Note:

(1) Deemed interest of 27.17% by virtue of his interest in Plato Capital Limited and his interest via Garynma Trust which holds all the shares in Garynma MY Holdings Limited pursuant to Section 8(4) of the Companies Act 2016 and his spouse's shareholding pursuant to Section 59(11)(c) of the Companies Act 2016.

Dato' Lim Kian Onn, by virtue of his interests in the Company and pursuant to Section 8(4)(c) of the Companies Act 2016, is deemed to have interests in the shares of all the subsidiaries of the Company to the extent that the Company has an interest.

5. LIST OF PROPERTIES AS AT 31 DECEMBER 2019

Location	Description/ Existing use	Tenure	Land/ Floor area	Age of building (years)	Net book value (RM'000)	Date of acquisition
Tune Hotel Penang Lot 348 Seksyen 15, Geran 11256 Lot 426 Seksyen 15, Geran 63526 Bandar Georgetown Daerah Timor Laut Pulau Pinang	Land with building for hotel use	Freehold	2,053.44 square metres	11	21,937	1.10.2018
Tune Hotel Kota Kinabalu Unit No. G-803, F-803, S-803 & T-803, 1 Borneo, Country Lease 015607057 Locality of Kuala Menggatal District of Kota Kinabalu Sabah	Land with building for hotel use	99-year leasehold expiring on 31.12.2103	3,946.99 square metres	12	9,677	29.4.2019

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