GSB GROUP BERHAD
(287036-X)

ANNUAL REPORT
2019

2019 ANNUAL REPORT

CONTENTS

CHAIRMAN'S STATEMENT

"On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of GSB Group Berhad ("GSB Group" or "the Group") for the financial year ended 31 March 2019."

FINANCIAL PERFORMANCE

For the financial year under review, the continuing operations of GSB Group recorded a revenue of RM29.83 million and a loss after tax of RM0.62 million in comparison to a revenue of RM22.07 million and a loss after tax of RM1.34 million in the preceding financial year. The discontinued operation of the Group recorded a loss after tax of RM1.60 million in comparison to a loss after tax of RM0.26 million in the preceding financial year.

The property development segment's revenue (including discontinued operation) has increased from RM29.83 million to RM42.48 million which represent an increase of 42% or RM12.65 million. The increase was mainly as a result of increase in development activities in Plentong, Johor and Bentong, Pahang. Albeit the higher revenue recorded during the financial year, this segment suffered loss after tax of RM0.37 million as compared to RM0.95 million in the preceding financial year.

The revenue contribution from our replication of compact discs and digital versatile discs segment has decreased from RM5.01 million to RM3.06 million as the demand was lower during the financial year. Loss after tax was increased from RM0.27 million to RM0.82 million. This was mainly due to decrease in revenue and lower margin during the year.

The assets for the Group grew further from RM208.61 million to RM215.63 million contributed mainly by increase in property development segment's assets from RM189.32 million to RM199.28 million.

CORPORATE DEVELOPMENTS

GSB Group had, on 13 March 2019 entered into a conditional share sale agreement with Bentong Makmur Holdings Sdn. Bhd., Gan Pik Mui and Gan Boon Kat for the disposal of two subsidiaries, namely Banda Industries Sdn. Bhd. and GSB Hotel Sdn. Bhd. ("Disposals"). The Disposals will enable the Group to re-strategise and re-deploy its resources towards business activities/ventures which are in line with the strategic plans of the Group under its new management.

Property Development Segment

Following the Disposals, GSB Group owned a total landbank for property development of 8.28 acres, which are located in Shah Alam and Klang, Selangor.

The Group entered into a joint venture agreement with landowner to develop a mixed development project known as "g Residence" in Plentong, Johor Bahru, which contributed approximately 90% of the total Group revenue from continuing operations for the financial year. The Group is committed to complete g Residence by end of Year 2019.

The Group is planning to focus on developing its landbank measuring in aggregate of approximately 2.22 acres located at Seksyen 15, Shah Alam, Daerah Petaling, Selangor. This project will enable our Group to benefit from the vibrant growth in Shah Alam and the strong demand for strategically located quality properties in the vicinity. This project was initially expected to be launched in the financial year ended 31 March 2018, however in light of the current weak sentiments in the property market, we expect to defer the launch to the following financial year ending 31 March 2020.

However, shareholders and stakeholders, rest assured we will not rest on our laurels and will continue to grow our property development segment. The Group is currently focusing on its ongoing project sales and property development amidst a very challenging market.

Manufacturing and replication of optical discs

As the revenue from manufacturing and replication of optical discs is shrinking, the Group takes cognisance of the challanges this industry is facing and the Group is implementing cost cutting measures.

CORPORATE GOVERNANCE

The Board of Directors of the Group emphasises on corporate governance and will be at all times be looking at value creation for our shareholders. Measures taken and implemented have been outlined in this Annual Report under the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Statement and the Audit and Risk Management Committee Report.

CORPORATE SOCIAL RESPONSIBILITY

Our Company recognises that its businesses have direct and indirect impact on the communities in which we operate. We bear a special responsibility to use our knowledge and experience for the betterment of society and to further develop and initiate improvements for and with society. Some of our initiatives in contributing towards being a positive global citizen included initiatives that were carried out through efforts in the workplace, the marketplace and the environment, which are highlighted in the Sustainability Statement in this Annual Report.

APPRECIATION

On behalf of the Board of Directors, I wish to extend my heartfelt gratitude to all our shareholders for their steadfast support and confidence in the Group.

My sincere appreciation also goes to the various government authorities, business associates, clients, financiers and partners for their continuing support.

To our management and employees, thank you for the unwavering commitment and dedication to the progress of GSB Group.

Datin Toh Siew Chuon
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis aims to provide our shareholders and other stakeholders with an overview of our business, operations and financial performance of GSB Group Berhad ("the Group") in the financial year ended 31 March 2019.

1. OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

BUSINESS AND OPERATIONS

The Group has two significant business segments which offer different products and services, and are managed separately because they are of different industry and also require different marketing strategies. For each of the business segments, the management reviews internal management reports at least on a quarterly basis:

- **Significant business segments:**
  - property development of residential and commercial properties; and
  - manufacturing and replication of optical discs.
- **Property development:**
  - Our products are principally residential landed properties, serviced apartments, and commercial properties;
  - Our current on-going projects are located in Bentong, Pahang and Plentong, Johor Bahru;
  - It is our first foray into the Johor Bahru market. The property development activities in Johor Bahru are admittedly very challenging; and
  - Our products are targeted at end-user market within the locality of our projects and are affordable, hence we remain optimistic of our prospects.
- **Manufacturing:**
  - We manufacture and replicate optical discs such as Digital Versatile Disc (DVD), Audio Compact Disc (ACD), Video Compact Disc (VCD) and CD-ROM;
  - We are proudly certified by the Malaysia Book of Records as the first compact discs replication plant in Malaysia;
  - We own and operate from our factory in Cheras, Kuala Lumpur;
  - We were certified by ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System);
  - We hold a significant market share in Malaysia, amid our exports account for approximately 6% of our turnover for this business segment for the current financial year under review;
  - Our customers are largely movie/audio copyright distributors and companies undertaking production of annual report for public listed entities; and
  - Moving forward, we expect this segment's operating environment to be tougher in light of softer demand and increasing raw material.

(RM'000s)	FINANCIAL YEAR ENDED 31 MARCH 2015	2016	2017	2018	2019
Revenue	18,928	17,569	33,316	34,843 *	45,543 *
Loss before taxation	(1,118)	(934)	(863)	(433) *	(2,211) *
Loss for the year	(1,373)	(1,300)	(1,915)	(1,603) *	(2,214) *

* Included revenue and financial results from discontinued operations.

OBJECTIVES AND STRATEGIES

- **Property development:**
  - We are committed to complete the Plentong project by end of the Year 2019 and optimistic that we can garner more potential buyers' interest upon seeing the construction progress;
  - The Group's other landbanks in Klang and also Shah Alam are in planning stage to further enhance expected returns compared to the initial plans;
  - The Group is in the midst of identifying viable and strategic landbank and/or property development projects to sustain/improve the financial performance of the Group; and
  - The Group is also evaluating potential joint-ventures so that we will not be limited by our own capital constraints, whilst still returning value to our shareholders.
- **Manufacturing:**
  - We aim to maintain market leadership by implementing prudent measures, improving operational efficiency and focusing on product and service quality for our customers;
  - To minimise impact of rising raw material costs, we are also educating our customers on the changes in the industry and gradually implementing higher selling prices for our products;
  - We are also adopting a more selective approach on doing business with our customers to improve our margins and to improve sales collection; and
  - We are implementing cost cutting measures via reducing manpower requirements, reducing electricity costs by reducing shifts achieved by better production planning.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

2. REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

The Group revenue from continuing and discontinued operations increased from RM34.84 million to RM45.54 million during the financial year under review, an increase of approximately 31% as compared to the previous financial year.

The increase in Group revenue was mainly due to the increase in revenue from the Property development segment. The following discusses the revenue of each segment:

- **Property development – continuing operations :**
  - The contribution in revenue from this division increased from RM17.06 million to RM26.77 million, an increase of approximately 57%; and
  - The sales for mixed development in Plentong, Johor recorded at approximately 39% with an average construction of approximately 65% completed;

- **Property development – discontinued operations :**
  - The contribution in revenue from this division increased from RM12.77 million to RM15.71 million, an increase of approximately 23%;
  - The sales for shop offices development in Bentong, Pahang recorded at approximately 86% with construction fully completed; and
  - The 71-unit residential development in Bentong, Pahang were fully sold out with construction at approximately 56% completed.

- **Manufacturing:**
  - The contribution in revenue from this division decreased from RM5.0 million to RM3.1 million, representing a drop of RM1.9 million or 38%; and
  - Market demand is expected to continue to be soft for this industry.

LOSS BEFORE TAX

The Group's loss before tax from continuing operations increased from RM0.16 million to RM0.77 million during the financial year as the operating costs increased.

KNOWN TRENDS AND EVENTS

- **Property development:**
  - The property market continues to remain sluggish;
  - Loan rejection for homebuyers remain the main reason for lower sales though bookings are encouraging; and
  - We are banking on good products at good locations to sell our property units.

- **Manufacturing:**
  - The Group is experiencing declining sales in the Manufacturing segment due to lower demand for optical discs replication. We take cognisance that this industry is facing tough challenges viz-a-viz the ever evolving mobile applications market in today's digital world; and
  - We expect this segment's operating environment to be tougher in light of softer demand and increasing raw material costs.

3. REVIEW OF OPERATING ACTIVITIES

OPERATING ACTIVITIES

The Plentong Johor Bahru project known as g Residence achieved 39% take-up rate whilst construction is at 65%.

The Bentong projects in Pahang known as Bentong Avenue and Taman Makmur Height achieved take up rate of approximately 86% and 100% respectively. Bentong Avenue project has been completed successfully during the current financial year.

The contribution in revenue from the Manufacturing segment decreased from RM5.0 million to RM3.1 million.

STATUS OF ACQUISITIONS OR PROJECTS UNDERTAKEN THAT MAY IMPACT THE OPERATING ACTIVITIES

- Our Kebenaran Merancang ("KM") for our 6.06-acre land in the vicinity of Klang, Selangor had expired and we are currently seeking renewal of the KM. Meanwhile, the Group also plans to amend the existing layout plan to medium cost apartments to suit the current market conditions and also to increase the gross development value of the land; and
- The Group had applied for amalgamation of two plots of adjoining leasehold lands (totaling of 2.22 acres) in Shah Alam, Selangor and approval was obtained during the current financial year. The previous KM for the project had expired and we have submitted a new KM for project which consists of Small Office/Home Office ("SOHO") and service apartments.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS

ANTICIPATED OR KNOWN RISKS AND PLANS/ STRATEGIES TO MITIGATE SUCH RISKS

- **Foreign currency risk:**
    - Approximately 6% of the Group's Manufacturing segment operations are for export;
    - Certain raw material used in the production process in the Manufacturing segment were purchased in United States Dollar denomination; and
    - Foreign currency exposure is managed by a policy of matching as far as possible receipts and payments in each individual currency.

- **Liquidity and cash flow risk:**
    - The Group's exposure to liquidity and cash flow risk arises mainly from general funding and business activities; and
    - The Group has to practice prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through credit facilities.

FORWARD-LOOKING STATEMENT

Trend and outlook

- **Property development:**
    - Moving forward, the property industry in Malaysia is expected to be sustained via more developments of affordable homes;
    - The Group expects that its mixed development project in Plentong, Johor Bahru, will be completed by end of the Year 2019 and sale will be improved;
    - The Group is planning to focus on developing its landbank located at Seksyen 15, Shah Alam; and
    - The Group is revisiting its layout planning for landbank in Klang, Selangor to cater for affordable homes.

- **Manufacturing:**
    - The Group is experiencing declining sales in the Manufacturing segment due to lower demand for optical discs replication. Measures had been taken to lower our operating costs whilst at the same time to gain more market share over the smaller manufacturers.

Dividend policy

At this juncture, the Board has not established a formal dividend policy because there is a need to conserve cash for working capital requirements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Toh Siew Chuon
(Executive Chairman)

Gan Pik Mui
(Managing Director)

Tee Eng Seng
(Executive Director)

Kuan Ying Tung
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Kuan Ying Tung - Chairman
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Kuan Ying Tung - Chairman
(Independent Non-Executive Director)

Ir. Low Wuu Shin
(Independent Non-Executive Director)

Tee Sun Ee
(Independent Non-Executive Director)

COMPANY SECRETARIES

Leong Shiak Wan
(MAICSA 7012855)

Zuriati Binti Yaacob
(LS0009971)

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel No.: (+603) 7841 8000
Fax No.: (+603) 7841 8199

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel No.: (+603) 2783 9299
Fax No.: (+603) 2783 9222

CORPORATE OFFICE / PRINCIPAL PLACE OF BUSINESS

No. 1, Jalan Wangsa Permai
First Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel No.: (+603) 6277 2666
Fax No.: (+603) 6277 6222
Website: www.gsbsummit.com

AUDITORS

KPMG PLT (Firm No AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Hap Seng Credit Sdn Bhd
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: GSB
Stock Code: 7077

LEGAL STATUS

Public listed company limited by shares
Domiciled and incorporated in Malaysia

CORPORATE STRUCTURE AS AT 30 June 2019

GSB GROUP BERHAD
287036-X

100% — **BANDA INDUSTRIES SDN BHD**
(75604-P)
Property Development

100% — **GSB HOTEL SDN BHD**
(829341-D)
Property Development

100% — **GSB MANAGEMENT SDN BHD**
(196027-K)
Property Development and Construction

100% — **GSB PROPERTIES SDN BHD**
(807671-T)
Property Development

100% — **GSB SUMMIT AUDIO (M) SDN BHD**
(173431-U)
Dormant

100% — **GSB SUMMIT CD (M) SDN BHD**
(226197-M)
Manufacture of compact discs and digital versatile discs

100% — **GSB SUMMIT DEVELOPMENT SDN BHD**
(457212-A)
Property Development

100% — **SERTA USAHA SDN BHD**
(116386-U)
Property Development

PROFILE OF DIRECTORS

DATIN TOH SIEW CHUON
Executive Chairman

DATIN TOH SIEW CHUON, a Malaysian, aged 53, female, is the Executive Chairman of the Company and was appointed to the Board on 19 June 2018.

Datin Toh is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Associate of Certified Chartered Accountants. She started her career as practice in audit firm focusing on auditing and taxation. She has also accumulated more than 20 years of experience in a construction company after serving in the auditing and taxation industry.

Datin Toh also privately owns a group of companies involved in property development and undertaken various remarkable residential and mix development projects in Malaysia. She also sits on the Board of Kerjaya Prospek Group Berhad as an Executive Director.

Datin Toh is a substantial shareholder of the Company, sister-in-law of Mr. Tee Eng Seng, a director and substantial shareholder of the Company and spouse of Datuk Tee Eng Ho, a substantial shareholder of the Company.

GAN PIK MUI
Managing Director

GAN PIK MUI, a Malaysian, aged 48, female, is the Managing Director of the Company and was appointed to the Board on 21 December 2006.

Ms. Gan is a Chartered Accountant of the Malaysian Institute of Accountants. She holds a Bachelor of Arts (Hons) in Accounting and Financial Management from the University of Essex, England, a Master of Science in Management from City University of London and she is also a fellow member of the Association of Chartered Certified Accountants.

She was previously with KPMG Management Consulting for 3 years as a Senior Consultant, involved in the area of corporate restructuring and acting as a financial consultant to quoted and unquoted clients for Scheme of Arrangement pursuant to Section 176 of the Companies Act, 1965 of Malaysia and informal scheme of arrangement through Corporate Debt Restructuring Committee of Malaysia before leaving for England where she was attached with a property management company in London for a year.

TEE ENG SENG
Executive Director

TEE ENG SENG, a Malaysian, aged 50, male, is the Executive Director of the Company and was appointed to the Board on 19 June 2018.

Mr. Tee started on his career working in construction related companies and has more than 20 years of experience in Civil and Building Construction.

Mr. Tee also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix developments projects in Malaysia. He also sits on the Board of Kerjaya Prospek Group Berhad as an Executive Director.

Mr. Tee is a substantial shareholder of the Company, brother-in-law of Datin Toh Siew Chuon, a director and substantial shareholder of the Company and brother of Datuk Tee Eng Ho, a substantial shareholder of the Company.

KUAN YING TUNG
Independent Non-Executive Director

KUAN YING TUNG, a Malaysian, aged 37, male, was appointed to the Board on 5 November 2018 as Independent Non-Executive Director. He was appointed as Chairman of the Audit Committee (renamed as Audit and Risk Management Committee on 27 May 2019) and Nomination Committee on 22 November 2018.

Mr. Kuan brings with him a wealth of experience in the audit practice, accounting and financial management since 2005 in professional services firms. He was also involved in different assignments such as Initial Public Offerings (IPO), due diligence, bonds issuance, mergers and acquisitions.

He is a member of Malaysian Institute of Accountants and Certified Practicing Accountants Australia. He holds a degree in Accounting, Banking and Finance from Monash University Malaysia. He is currently the Audit Partner of the public accounting firm Messrs. CWC & Eng PLT.

PROFILE OF DIRECTORS
(CONT'D)

IR. LOW WUU SHIN
Independent Non-Executive Director

IR. LOW WUU SHIN, a Malaysian, aged 44, male, is an Independent Non-Executive Director of the Company and was appointed to the Board on 5 November 2018. He was appointed as a member of the Audit Committee (renamed as Audit and Risk Management Committee on 27 May 2019) and Nomination Committee on 22 November 2018.

Ir. Low has 18 years of experience in Civil, Structure and Geotechnical Consulting Firm and 3 years of experience in Project Management in Property Development Company.

He is a member of the Institution of Engineering, Malaysia. He holds a degree in Civil Engineering from University Technology Malaysia and Master of Philosophy in Civil Engineering from the University of Nottingham.

He is currently holding the position of a Director in private companies involved in consultancy in Civil, Structure and Geotechnical and property development.

TEE SUN EE
Independent Non-Executive Director

TEE SUN EE, a Malaysian, aged 68, male, is an Independent Non-Executive Director of the Company and was appointed to the Board on 22 November 2018. He was appointed as a member of the Audit Committee (renamed as Audit and Risk Management Committee on 27 May 2019) and Nomination Committee on 22 November 2018.

Mr. Tee started his career as a teacher in vocational school. He has more than 30 years of experience in printing industry.

He is currently holding the post of a Director in private companies involved in printing and hotel businesses.

Note:

Other than as disclosed, all directors do not have any family relationships with any director and/or substantial shareholder of the Company and do not hold any directorship in other public companies. All directors have no personal interest in any business arrangements involving the Company. All directors have not been convicted for any offence and have attended the Board of Directors' meetings of the Company for the financial year ended 31 March 2019 as disclosed in Corporate Governance Overview Statement of the Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

DATIN TOH SIEW CHUON
Executive Chairman
Malaysian, aged 53, female
Please refer to the Profile of Directors for Datin Toh Siew Chuon's profile

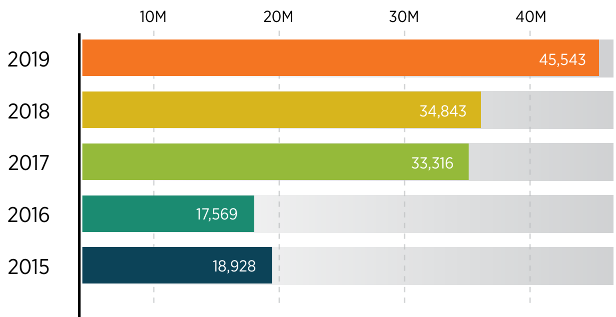
GAN PIK MUI
Managing Director
Malaysian, aged 48, female
Please refer to the Profile of Directors for Gan Pik Mui's profile

TEE ENG SENG
Executive Director
Malaysian, aged 50, male
Please refer to the Profile of Directors for Tee Eng Seng's profile

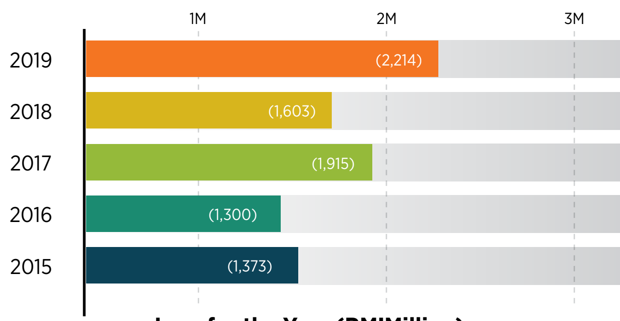
GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED 31 MARCH				
	2015	**2016**	**2017**	**2018**	**2019**
FINANCIAL PERFORMANCE (RM'000)					
Revenue	18,928	17,569	33,316	34,843 *	45,543 *
Loss before taxation	(1,118)	(934)	(863)	(433) *	(2,211) *
Loss for the year	(1,373)	(1,300)	(1,915)	(1,603) *	(2,214) *
FINANCIAL POSITION (RM'000)					
Total Assets	120,181	146,257	167,516	208,610	215,629
Total Liabilities	69,795	88,424	110,531	153,192	159,991
Net Current Assets	44,807	42,925	31,658	24,708	26,688
Net Assets	50,385	57,833	56,985	55,418	55,638
Cash and Bank Balances	8,909	7,086	5,517	7,128	1,656
Total Borrowings	37,331	51,448	48,601	69,171	68,552
Equity Attributable to Owners of the Company	50,385	57,833	56,985	55,418	55,638
Issued Share Capital	44,000	52,800	53,740	53,754	56,626
No. of Ordinary Shares	440,000	528,000	528,000	528,100	552,440
KEY FIGURES					
Loss Per Share (sen)	(0.31)	(0.25)	(0.36)	(0.30)	(0.40)
Net Assets Per Share (sen)	11.45	10.95	10.79	10.49	10.07
Net Debt to Equity Ratio	0.56	0.77	0.76	1.12	1.20

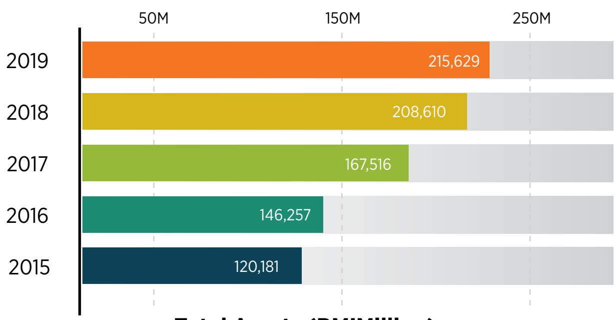
* Included revenue and financial results from discontinued operations.



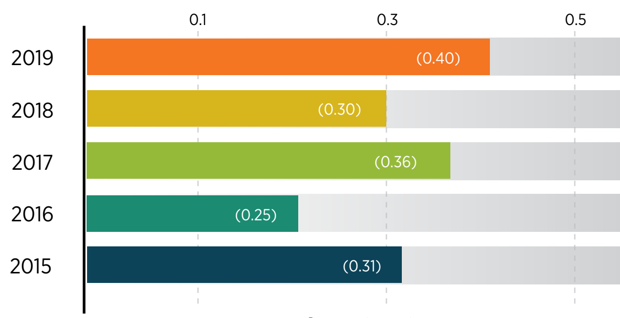
Revenue (RM'Million)



Loss for the Year (RM'Million)



Total Assets (RM'Million)



Loss Per Share (Sen)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") fully appreciate the importance of adopting high standards of corporate governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance 2017 ("the Code" or "MCCG 2017") are practiced throughout the Group as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations set out in the Code respectively.

The MCCG 2017 supersedes its earlier editions takes on a new approach to promote greater internalisation of corporate governance culture. The Code has been developed to reflect the new modes of thinking as well as the "CARE" (i.e. C – Comprehend; A – Apply and RE – Report) concepts that underpins the MCCG 2017.

It was equipped with 3 Principles, 32 Practices and 4 Step Ups, the MCCG 2017 calls upon companies to view corporate governance disclosures as an opportunity to demonstrate to stakeholders that they have a holistic and an effective corporate governance system which governs their processes, people and practices in their achievement of corporate excellence.

The Board is pleased to provide the following statements, which outline the main corporate governance principles and practices that were in place throughout the financial year, unless otherwise stated.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board and Management Responsibilities

The Board is fully aware of its continuing responsibilities over the stewardship of the Group's strategic direction and ultimately the enhancement of shareholders' value. The Board delegates the responsibility of implementing the Board's approved strategies and policies to the Management led by the Managing Director.

The Board assumes the following responsibilities:

- Reviewing and adopting the overall strategic plans for the Group's two core businesses;
- Setting policies appropriate for the businesses and corporate governance of the Group;
- Reviewing and approving annual budget and monitoring Management's performance;
- Overseeing and evaluating the performance of the Group's businesses including but not limited to quarterly and annual financial statements;
- Reviewing and approving material acquisitions and disposals;
- Reviewing and approving issuance of new securities such as private placements and employee share option scheme;
- Reviewing internal control systems and identifying principal risks to ensure the implementation of a risk management system to manage these risks;
- Establishing succession planning, including appointing, training, fixing the compensation of and where appropriate and replacing Board and Management;
- Overseeing the adequate communication to shareholders and relevant stakeholders of the Group;
- Reviewing the adequacy and integrity of the Group's information systems; and
- Overseeing and evaluating the conduct of business of the Group to ensure compliance with legal and regulatory requirements.

In assisting the discharge of its stewardship role, the Board has established Board Committees, as deliberated in the ensuing section below.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

There is a clear division of responsibilities between the Board and the Management. The Managing Director is responsible for the day-to-day management of the Group and the implementation of strategies and policies set by the Board under delegated authority from the Board. In carrying out her responsibilities, the Managing Director ensures that all reports to the Board present a true and fair view of the Group's financial position and operational performance. The Management of the Group's two core businesses reports to the Managing Director separately as there are of different industry. The Board has adopted a policy on delegation of approving authority and authority limits. The policy applies to members of the Board, the Managing Director and key senior management personnel. It establishes the authority of each of these groups to act effectively and make decisions in relation to the activities of the Group.

There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for instilling good governance practices, leadership and effectiveness of the Board whilst the Managing Director is responsible for the day to day management, organisational effectiveness and implementation of Board policies and decisions.

The Group is led and managed by an effective Board comprising members with wide range of business experiences and expertise required to successfully direct and supervise the Group's business activities, which are vital to the success of the Group.

Company Secretaries

The Group engaged external qualified company secretaries from Boardroom Corporate Services Sdn. Bhd. (Formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.). The Company Secretaries are qualified to act as company secretary under Section 235 of the Companies Act, 2016. In order to ensure effective functioning of the Board, the Company Secretaries regularly update and advise the Board on new statutory and regulatory requirements relating to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Companies Act in relation to the discharge of the Board's fiduciary duties and responsibilities.

The Company Secretaries attended all shareholders, Board and Board Committee meetings and ensures that all deliberations and decisions made by the shareholders, Board and Board Committee meetings are accurately minuted, and the records of the proceedings of the shareholders, Board and Board Committee meetings are properly kept. The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.

Dissemination of Information

The Chairman ensures that all Directors have access to all information within the Group. Unless otherwise agreed due to reasonable reason, all notice, agenda and materials for meeting including Board paper will be forwarded to each Directors at least 7 days before the meeting day to enable them to discuss and contribute to the meeting effectively. They were issued in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Board has direct access to members of the senior management team, the services of the Company Secretary and the internal and external auditors, to enable them to discharge their responsibilities. The Board shall also have full and unrestricted access to any information of the Group from any employee.

The Directors review and approve corporate announcements, including the announcement of the quarterly financial reports, prior to releasing of the announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

From time to time, the Board determines, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

Board Charter and Code of Conduct

The primary objective of the Company's Charter is to set out the roles and responsibilities of the Board including their Code of Conduct. The Board is guided by the Charter and Code of Conduct which provides reference for Directors in relation to the Board's role, powers, duties, functions and ethical values. The Board will annually review and update the Board Charter and Code of Conduct in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibility.

The Group has in place a Whistleblowing Programme which offers all stakeholders such as suppliers, vendors, dealers, partners and employees the ability to raise issues of concern about the Group in a totally confidential way, with guaranteed protection from any reprisal for honest reporting through Whistleblowing channels. This programme is governed by the Group's Whistleblowing policy and overseen by the Audit and Risk Management Committee. Information on the policy and procedures relating to the Whistleblowing Programme is available at our corporate website at http://www.gsbsummit.com.my/whistle.html. The Group believes this programme is very much in keeping with the Group's long-standing commitment to the highest professional standards.

The Board Charter and Code of Conduct was last reviewed on 27 May 2019 and is accessible at the Company's website at http://www.gsbsummit.com.my/conduct.html.

Board Composition

The existing Board members consist of six (6) members, of whom half were Independent Non-Executive Directors.

The present Board composition has been maintained in line with the needs of the Company and in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") that stipulates at least two (2) Directors or one third of the Board of the Company, whichever is higher, are Independent Directors.

In despite the above compliance, the MCCG 2017 further encourage at least half of the board comprises independent directors and for Large Companies, the board should comprises a majority independent directors. The MCCG 2017 defined a listed issuer as a Large Company.

The Board acknowledged that the presence of independent non-executive Directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the Executive Director, thereby ensuring that no one individual or group dominates the Board decision-making process.

A brief profile of each Director is presented at Profile of Directors of the Annual Report. The members of the Board have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process.

Practice 4.2 of the Code recommends that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the board continues to retain the Independent Director after the twelfth (12) year, the board should seek annual shareholders' approval through a two-tier voting process.

The Nomination Committee and the Board have upon their annual assessment, concluded that the Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence as set out in the Listing Requirements.

The Board recognises the benefits and importance of gender diversity in the Board composition. Although, the Board has yet to form a gender diversity policy, however, the Board has no restriction in choosing women candidates whom is suitable, qualified, experience and competent candidates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The Nomination Committee will take steps to ensure suitable women candidates are sought for consideration should there be a need to increase its current board size. The Board currently has 6 members, of whom 2 of them were women, representing 33.33% women or 3.33% above the benchmark of 30% women directors. Presently, with the current Directors' mix of experiences and expertise, the Board is of the view that the current size of members is sufficient in effectively addressing all issues affecting the Group.

Retirement and Rotation

In accordance with the Company's Constitution, one-third of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. These provide an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholding in the Group of each Director standing for election are furnished in the Annual Report accompanying Notice of the Annual General Meeting.

The Company Secretaries will ensure that all appointments are properly made and that all information necessary is obtained, as well as legal and regulatory obligations are met.

Board Meeting

During the financial year ended 31 March 2019, the Board met a total of nine (9) times. Details of the Director's attendance record are presented as below:-

Director	Number of meetings held**	Number of meetings attended
Datin Toh Siew Chuon (appointed on 19 June 2018)	5	5
Gan Pik Mui	9	9
Tee Eng Seng (appointed on 19 June 2018)	5	5
Kuan Ying Tung (appointed on 5 November 2018)	3	3
Ir. Low Wuu Shin (appointed on 5 November 2018)	3	3
Tee Sun Ee (appointed on 22 November 2018)	3	3
Loy Kwee Keow (retired on 28 August 2018)	6	6
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M) (retired on 28 August 2018)	6	6
Gan Boon Kat (retired on 28 August 2018)	6	6

** Refer to the number of meetings held during the time the Director was in office

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Board Committees

The Board has established Board Committee delegated with specific powers and responsibilities to assist it in carrying out its duties and functions. The Board Committee that has been established is the Audit and Risk Management Committee and the Nomination Committee.

The Board had not established a Remuneration Committee in view that remuneration of Directors has been expeditiously handled by the Board as a whole. The remuneration package of Directors is a matter for the Board as whole and individual directors are required to abstain from the discussion of their own remuneration.

The Board does not formalised its remuneration policy, however, the Board and Senior Management are remunerated based on their skills, experience, qualification and performance. Apart from remunerating the Board and Senior Management based on their skills, experience, qualification and performance, the Board also consider the performance of the Group in short term and long term objectives.

In addition to the above Board Committees, the Board may, wherever required, set up other Board Committee delegated with specific power and responsibilities.

Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by an Independent Non-Executive Director who reports the outcome of Audit and Risk Management Committee Meetings to the Board. Its prime duties include the review of financial statements, quarterly results, accounting policies, appointment and resignation/retirement of External Auditors, review of audit plan and the auditors' remuneration. The full details of the Audit and Risk Management Committee terms of reference is available on the Company's website at www.gsbsummit.com.my/auditcom.html while the activities of the Audit and Risk Management Committee during the year are stated in the Audit and Risk Management Committee Report of the Annual Report.

Nomination Committee

The Nomination Committee is chaired by an Independent Non-Executive Director who reports the outcome of Nomination Committee Meetings to the Board. Its prime responsibilities include consider and making recommendation to the Board balance directors mix, new nominee of Director and assessment of the effectiveness and performance of the Board, Board Committee and individual Directors. The full details of the Nomination Committee terms of reference is available on the Company's website at www.gsbsummit.com.my/nomi.html while the activities of the Nomination Committee during the year are stated in Nomination Committee Statement of the Annual Report.

Directors' Remuneration

The Directors' fees are approved at the Annual General Meeting by the shareholders, based on the recommendation of the Board. Certain Directors are provided with Directors' fees with the Executive Director being provided with remuneration package which consumerate to their duties and responsibilities. The Board, as a whole, determines the remuneration packages of the Executive Directors. The Directors involved do not participate in decision regarding their own remuneration packages.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company on namely basis during the financial year are as follows:

Director	Group (RM'000)	Company (RM'000)
Directors' fee		
- Datin Toh Siew Chuon* (appointed on 19 June 2018)	10	10
- Gan Pik Mui*	–	–
- Tee Eng Seng* (appointed on 19 June 2018)	10	10
- Kuan Ying Tung (appointed on 5 November 2018)	10	10
- Ir. Low Wuu Shin (appointed on 5 November 2018)	10	10
- Tee Sun Ee (appointed on 22 November 2018)	10	10
- Loy Kwee Keow (retired on 28 August 2018)	–	–
- Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) (retired on 28 August 2018)	–	–
- Gan Boon Kat (retired on 28 August 2018)	–	–
Salary		
- Datin Toh Siew Chuon* (appointed on 19 June 2018)	–	–
- Gan Pik Mui*	186	–
- Tee Eng Seng* (appointed on 19 June 2018)	–	–
- Kuan Ying Tung (appointed on 5 November 2018)	–	–
- Ir. Low Wuu Shin (appointed on 5 November 2018)	–	–
- Tee Sun Ee (appointed on 22 November 2018)	–	–
- Loy Kwee Keow (retired on 28 August 2018)	–	–
- Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) (retired on 28 August 2018)	–	–
- Gan Boon Kat (retired on 28 August 2018)	212	–
Meeting Allowance		
- Datin Toh Siew Chuon* (appointed on 19 June 2018)	–	–
- Gan Pik Mui*	–	–
- Tee Eng Seng* (appointed on 19 June 2018)	–	–
- Kuan Ying Tung (appointed on 5 November 2018)	4	4
- Ir. Low Wuu Shin (appointed on 5 November 2018)	4	4
- Tee Sun Ee (appointed on 22 November 2018)	4	4
- Loy Kwee Keow (retired on 28 August 2018)	–	–
- Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) (retired on 28 August 2018)	–	–
- Gan Boon Kat (retired on 28 August 2018)	–	–
Employees Provident Fund		
- Datin Toh Siew Chuon* (appointed on 19 June 2018)	–	–
- Gan Pik Mui*	21	–
- Tee Eng Seng* (appointed on 19 June 2018)	–	–
- Kuan Ying Tung (appointed on 5 November 2018)	–	–
- Ir. Low Wuu Shin (appointed on 5 November 2018)	–	–
- Tee Sun Ee (appointed on 22 November 2018)	–	–
- Loy Kwee Keow (retired on 28 August 2018)	–	–
- Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) (retired on 28 August 2018)	–	–
- Gan Boon Kat (retired on 28 August 2018)	9	–

* The Directors are also the Senior Management of the Company

The numbers of Directors of the Company whose income from the Company falling within the following bands are:-

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
RM 1 to RM 50,000	2	3
RM 50,001 to RM 100,000	–	–
RM 100,001 to RM 200,000	–	–
RM 200,001 to RM 300,000	1	1

Directors' Training

The Board as a whole recruits only individuals of sufficient caliber, knowledge and experience to discharge the duties of a Director appropriately. All the Directors have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year.

The Board had assessed the training needs of the Directors in accordance with Paragraph 15.08(2) of Bursa Securities' Main Market Listing Requirements in order to effectively discharge their duties.

Conferences, seminars and training programmes attended by Directors in the financial year 2019 and up to the date of this report are as follows:-

Director	Name of conferences, seminars and training programmes attended
Datin Toh Siew Chuon	ESG Seminar for FTSE4Good Bursa Malaysia Index
Gan Pik Mui	Customer Relationship Management Understanding Labour Law and Its Implementation Mastering Leadership, Coacting and Supervisory Skills Workshop on Risk Management 2018 Budget and Tax Planning Financial Planning and Management for Projects
Tee Eng Seng	Land Related Laws in Property Development
Kuan Ying Tung	Mandatory Accreditation Programme MIA Public Practice Programme
Ir. Low Wuu Shin	Mandatory Accreditation Programme
Tee Sun Ee	Mandatory Accreditation Programme

The Directors will continue to undergo relevant training programme to further enhance their skills and knowledge wherever required. In addition, the Board is regularly updated on the latest updates on the Main Market Listing Requirements and other regulatory requirements relating to the discharge of Directors' duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B: AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Board recognises that a robust Audit and Risk Management Committee can be a feature of a strong corporate governance culture underpinned by effective audit and risk management. The Board had established an effective Audit and Risk Management Committee to oversee the areas of financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit and external audit.

The Audit and Risk Management Committee is led by Mr. Kuan Ying Tung whom is an Independent Non-Executive Director and a chartered accountant by profession. The separation of Audit and Risk Management Committee Chairman and Chairman of the Board shall enable Audit and Risk Management Committee Chairman to devote sufficient time to the affairs of the Audit and Risk Management Committee and reduce the concentration of power in a single director.

The Audit and Risk Management Committee comprises exclusively Independent Non-Executive Directors in compliance with the requirement of the Listing Requirement and recommendation of the Code.

All Audit and Risk Management Committee members are financially literate and are able to understand matters under the purview of the Audit and Risk Management Committee including financial reporting process. The qualification and experience of the individual Audit and Risk Management Committee members are disclosed in the Profile of Directors in the Annual Report.

External Auditors

The Board has established that the Audit and Risk Management Committee plays the role of maintaining the appropriate relationship with the Company and Group auditors as stated in the Audit and Risk Management Committee Report of this Annual Report. The good relationship with the Company and Group auditors has always prevail and maintained on a transparent and professional basis.

The External Auditors are also invited to brief the Audit and Risk Management Committee on their audit findings and the committee also review the proposed fees for non-audit services, as required and subsequently recommend to the Board for approval.

Annually, the Audit and Risk Management Committee is tasked to review the appointment/re-appointment of External Auditors, audit fees, non-audit professional services and question on any resignation or dismissal of the External Auditors before making recommendation to the Board. In assessing the External Auditors, the Audit and Risk Management Committee is also required to review the independence and objectivity of the External Auditors to preserve their integrity and credibility.

The Board is satisfied with the objectivity, technical competence and audit independence of the External Auditors and views the External Auditors as having the ability to undertake their audit functions without any influence from the Group. The term of service of the external auditor is renewable every year subject to satisfactory performance.

Risk Management and Internal Control

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Audit and Risk Management Committee is discharged to review and report to the Board on the evaluation of system of internal controls, adequacy of the scope, competency and resources of the internal auditor function, audit plan, processes, results and action taken by management on internal auditors' recommendation.

Details of the risk management and internal control framework was published in the Company's Annual Report under Statement on Risk Management and Internal Control.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

Internal Control

The Directors recognise the importance of monitoring sound internal control system to safeguard the shareholders' investment and the company's assets. In this regard, the Board has appointed an external professional firm to undertake the internal audit function and risk management function during the year with the aim to ensure its existing internal control system and risk management framework are effective and appropriate in mitigating against the Group's significant risks. The internal auditors report independently to the Audit and Risk Management Committee on a regular basis with their findings and these findings are further deliberated during the Board meeting.

Apart from the above, the Directors regularly review and assess the key risk areas and ensure that all significant risks are adequately addressed at various levels within the Group.

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

Shareholders and Investors

The Company recognises the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting, not less than 28 days prior to meeting day and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group and Company.

Poll voting will be conducted for all resolutions of the upcoming Annual General Meeting and we will thereafter make an announcement of the detailed results showing the number of votes casted for and against each resolution. The Chairman of the meeting shall inform shareholders of voting by poll at the commencement of the general meeting.

The Company also ensures that its shareholders are well informed via proper procedures which have been established for the timely release of material share price-sensitive information, quarterly financial results, regulatory financial statements and other matters affecting shareholders' interests.

Shareholders and members of the public can also obtain information on the Group by accessing the Group's and also Bursa Securities' websites. There is also a continuous effort to enhance the Group's website at www.gsbsummit.com.my.

This statement was made in accordance with a resolution of the Board of Directors dated 23 July 2019.

STATEMENT OF DIRECTORS' RESPONSIBILITY
FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company and of the Group for the financial year then ended.

The Directors are accountable for ensuring that the Company keeps proper accounting and other records which disclose with reasonable accuracy at any time of the financial position of the Company to enable them to ensure that the financial statements complied with approved accounting standards and the provisions of the Companies Act 2016.

The Directors in preparing the financial statements have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors consider that all applicable approved accounting standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are also responsible for safeguard of the assets of the Company and of the Group and for prevention and detection of material fraud and other irregularities.

This statement was made in accordance with a resolution of the Board of Directors dated 23 July 2019.

SUSTAINABILITY STATEMENT

INTRODUCTION

Our Sustainability Statement ("SS") focuses on GSB Group Berhad's ("GSB" or "The Group") sustainability practices in which we focus and highlight more on the economic, environmental, and social ("EES") impacts of our activities and initiatives. This year will be our second attempt to comply with Bursa Malaysia Securities Berhad ("Bursa Malaysia") compliance, and we are reporting in accordance with the Global Reporting Initiative ("GRI") Standards for sustainability reporting, our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations.

We are committed to creating a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate.

Also, throughout this statement, we demonstrate our commitment to integrating sustainability practices and preparing this statement on pursuant to the Bursa Malaysia's Main Market Listing Requirements ("MMLR"), Sustainability Reporting Guide issued by Bursa Malaysia and guided with guidelines issued by the GRI.

REPORTING STANDARDS

We have based our reporting approach on the framework and guidance provided by the GRI. This report has been prepared in accordance with the "core" option of the GRI Standards. This includes adhering to the GRI principles for defining the report's contents:

- Stakeholder Inclusiveness – being responsive to stakeholder expectations and interests.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business and stakeholders.
- Completeness – including relevant information that is of significant economic, environmental and social impact to enable stakeholders to assess the company's performance.

REPORTING SCOPE AND BOUNDARIES

GSB's SS 2019 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 April 2018 to 31 March 2019. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia. The Group will focus on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Group moving forward.

OUR CORE VALUES

GSB's Code of Conduct provides reference for Directors in relation to the Board's role, powers, duties, functions and ethical values. The code was formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the ethical behaviour for directors based on trustworthiness and values that are commonly acceptable. It is also to uphold the spirit of responsibility and social responsibility in line with prevailing legislation & regulations.

SUSTAINABILITY STATEMENT
(CONT'D)

WHO WE ARE

GSB Group Berhad is listed on the Main Market of Bursa Malaysia. The Group has two significant business segments which offer different products and services, and are managed separately because they are of different industry and also require different marketing strategies. The significant business segments are namely the property development of residential and commercial properties, and manufacturing and replication of optical discs.

As a responsible and careful property developer, we believe in realising properties for a better tomorrow. We aim to deliver potential properties with lucrative investment returns coupled with high capital appreciations. We have carved our niche in the industry by having a strong foundation and excellent knowledge on choice developments.

GSB is committed to deliver positively, incorporating values of integrity, passion and efficiency. The Group would remain focused in providing excellent products and services to our customers and strive to enhance shareholders' values.

LOCATION OF REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

LOCATION OF BUSINESS OFFICE

No. 1, Jalan Wangsa Permai
First Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

REVIEW OF OPERATIONS

The Group's review of operations are elaborated in "Management Discussion and Analysis" section of this Annual Report.

OUR APPROACH TO DRIVING SUSTAINBILITY

Our approach to sustainability is based on our core values of integrity, humility and building relationship, supported by policies and procedures at Group level. We consistently embed sustainability into the core of our business. We bear a special responsibility to use our knowledge and experience for the betterment of society and to further develop and initiate improvements for and with society. Some of our initiatives in contributing towards being a positive global citizen included initiatives that were carried out through efforts in the workplace, the marketplace and the environment.

The following value-added sustainability strategies form as the basis of GSB's steps to strengthen our approach to sustainability.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company, we are pre-emptive of the sustainability matters mainly on the Economic value creation for the shareholder and stakeholder;
- We plan to elevate sustainability in company governance, through engaging in direct board oversight and accountability over environmental and social issues, more diversity and special expertise on boards, and linking executive and other employee compensation to sustainability goals;
- We want to robust regular dialogues with key company stakeholders on sustainability challenges, including clients, employees, investors and suppliers; and
- We are in progress to develop systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

2. As a service provider

- We plan to give a quality service to all of the clients as they are part of our valued stakeholders.

GOVERNANCE OF THE SUSTAINABILITY

Being a Public Listed Company, GSB complies with the Corporate Governance practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on Corporate Governance 2017.

In line with sustainability, the Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the company. We are in the midst of establishing the Sustainability Steering Committee, to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. Currently the plans for the sustainability direction is being spearheaded by the key management people however the Group intends to formalise this process. The committee will be supported by various working groups responsible for implementing the initiatives within the organisation.

Our sustainability strategy will be led by the Board of Directors and will be implemented and monitored within the following governance structure. The below structure will be enhanced accordingly.

SUSTAINABILITY STRUCTURE

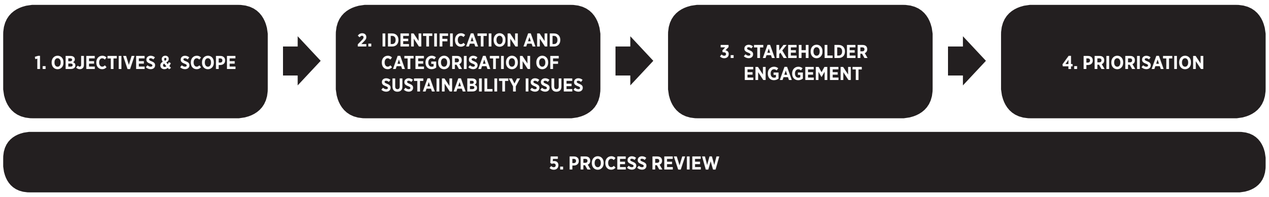
Board of Directors	The Board oversees the overall sustainability initiatives and sets policies to drive sustainability practices in the Group.
Sustainability Steering Committee	The Group is in the process of setting up a Sustainability Steering Committee which interfaces to formulate sustainability policies and drive the sustainability efforts and initiatives while ensuring consistency with the Group's sustainability strategy and business strategy.
Sustainability Sub-Working Groups	Sustainability Sub-working Groups will be established to carry out the following:- • Set sustainability priorities and goals • Develop and implement a sustainability programmes • Advise on sustainability opportunities and innovations • Track, monitor and analyse sustainability metrics and measures • Address and manage challenges and constraints to the sustainability initiatives • Work on Quality, Health, Safety, and Environmental issues of the Group

SUSTAINABILITY STATEMENT
(CONT'D)

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, GSB continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Group is fully committed to uphold responsible business operation which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain. The Materiality Assessment Process illustrated below will be implemented and enhanced moving forward.

OUR MATERIALITY ASSESSMENT PROCESS



1. OBJECTIVES & SCOPE

GSB is in the process of undertaking a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries covers all our entities and operations in Malaysia.

2. IDENTIFICATION OF RELEVANT SUSTAINABILITY MATTERS

The process initiated with sustainability issues relevant to GSB and its stakeholders. In generating the list, the Group assesses the operating environment and emerging trends affecting our sector and conducted study across a broad range of references to identify the relevant sustainability issues. The references include Bursa Malaysia's Sustainability Reporting Guide and Toolkits, and international standards such as the Global Reporting Initiative Standards.

We have undertaken a review of material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.

Our Significant Material Factors

As we monitor, manage and report on a wide variety of issues, key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factors. Understanding our key priority allows us to set our time, resources and investment to the best use.

SUSTAINABILITY STATEMENT
(CONT'D)

Combining the views from GSB's stakeholders and management from the preliminary materiality process, the materiality table has been derived to show the different levels of importance of the sustainability matters. The below factors will be further enhanced in the coming years.

Materiality	Factors	Why Material
Very Important	Optimisation/ Resources	To help the company become efficient and effective.
	Market Condition	Market condition affects all businesses in every industry.
	Compliance	Compliance with laws and regulations is one of our main requirements.
	Capital Injection of Funds	To take the business further.
	Business Model	Business model plays a vital role in challenging market condition of the market and business.
	Customer Satisfaction	To ensure customers feedback are obtained for improvement.
	Local Environmental Impact	It safeguards the environmental impact.
	Corporate Governance	To ensure that the company protects the members, officers and management.
	Risk Assessment	It gives the initial view of the risk appetitive and mitigation.
	Climate Change	Climate change would have a significant impact on business.
Important	Business Ethics/Code	Maintaining business ethics is our core values.
	Business Mix	Diversification is part of our business model to stay sustainable.
	Economic & Local Economic Impact	To balance the economic & local impact.
	Conducive work environment	Working environment is crucial to retain and develop staff force.

The materiality process involved steps including identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analysing past reports, which reflects the feedback from customers, community representatives and employees generally.

The materiality factors above are based on the priority of the organisation.

SUSTAINABILITY STATEMENT
(CONT'D)

3. STAKEHOLDERS ENGAGEMENT

Our interaction involves different stakeholder groups and this engagement is important to ensure we can identify, prioritise and address material matters and be adopted in our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management by the respective business and functional units. Ongoing engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

The following table describes our stakeholders and how we engage with stakeholders:

Stakeholders	Description	Method of Engagement
Shareholders/ investors	Investors provide the Group with the financial capacity for business operation and growth. Key to engage with shareholders continuously ensuring they understand the Group's operation, strategies and business growth.	• Annual General Meeting • Annual Reports • Bursa Malaysia announcements
Customers	• Property: House buyers / commercial properties buyers, and our new buyers. • Optical discs: Buyers	• Daily through various channels such as emails, site visits, social media and brochures. • Corporate events
Financiers/ banks/ analysts	Funds and information providers	• Annual General Meetings • Extraordinary General Meetings • Media announcements • Corporate interviews • Facility review
Government ministries, local authorities, municipalities and other government linked entities	Government ministries and local authorities set the legal framework on our businesses. We engage them to ensure compliance with the regulatory framework established by them.	• Periodic meetings • Regulatory compliance • Briefing and trainings • Meeting with various regulators • Compliance with the rules and regulations
Employees	Our employees are critical in our operation and the achievement of our Group objectives.	• Townhall sessions • Company annual dinner/festival functions and celebrations • Informal periodic department meetings
Suppliers/ Contractors	Our suppliers are mainly raw materials suppliers and administration supplies.	• Suppliers audit and review • Tender exercises and meetings • Emails and phone calls communication • Suppliers' briefing
Non-governmental organisations	Environmental matters	• Meeting with various non-governmental organisations

4. **PRIORITISATION OF MATERIAL SUSTAINABILITY MATTERS**

GSB has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These include ongoing efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Group's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Group has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Group should engage, the Group carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence on the Group.
- To gain an insight into these key stakeholders' concerns, interests and expectations, the Group conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.
- Where applicable, GSB also took into account feedbacks from other stakeholder groups, gathered through various channels and through the ongoing engagements during the course of conducting its business operation.

5. **PROCESS REVIEW**

The materiality process is undertaken as a key component of GSB's journey towards identifying the material sustainability matters. The key management team has reviewed and implemented the processes and outcome of the materiality process including the Group's materiality which guides the Group in addressing and managing its material sustainability matters in its business operations.

KEYS OF SUSTAINABILITY

This section aims to provide insights on the Group's sustainability commitments and practices across the three key areas of economic, environmental and social undertaken by our key business divisions.

ECONOMIC

The Group's financial review and outlook are elaborated in the Management Discussion and Analysis section of this Annual Report. Our commitment to business is focus on strong corporate governance and prudent management in view of challenging internal and external environment. We strive to achieve by enforcing on the following aspects:

- **WHISTLEBLOWING POLICY**

  A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

- **CODE OF CONDUCT FOR COMPANY DIRECTORS**

  The Group is committed to conduct its businesses and operations with integrity, openness and accountability and to also conduct its affairs in an ethical responsible and transparent manner. The Group has Code of Conducts that set out the standards and ethical conduct expected of all Directors of the Group.

  The Code of Ethics provides commitment to ethical values through key requirements relating to conflict of interest, confidential information, insider information, protection of the Group's assets and compliance with law and regulations.

SUSTAINABILITY STATEMENT
(CONT'D)

- **CORPORATE GOVERNANCE AND COMPLIANCE**

  GSB, guided by the Malaysian Code on Corporate Governance 2017, has been proactive in promoting good corporate governance and ensures that the principles and best practices of good governance are applied throughout the Group. Details of our corporate governance framework and practices of the Group are elaborated in the Corporate Governance Overview Statement of this Annual Report.

- **RISK MANAGEMENT**

  An integral part of good corporate governance, a comprehensive risk management framework enables GSB to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

- **OUR SUPPLY CHAIN**

  Supply Chain management is an integral part of all businesses and key to optimum performance. Accordingly, GSB places great emphasis on our suppliers' EES credentials in the lifecycle of supply chain when making responsible sourcing decisions.

  GSB is cognizant that there is still much to improve on managing sustainability in supply chain, and will continue to collaborate with its suppliers and vendors to work towards enhanced sustainability practices with respect to EES matters.

- **COMMITMENT TO QUALITY**

  GSB has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are conducted to ensure that our processes remain in compliance and are continually enhanced.

- **BUSINESS CONDUCT**

  We strive to be environmentally responsible and encourage all our stakeholders to do the same. Consequently, they need to use sustainable materials whenever they are cost-effective.

- **SAFETY AND HEALTH**

  It is one of our key priorities to maintain a safe and healthy work environment for our workforce to ensure that our talent work under safe conditions. We also believe in providing a comfortable and conducive working environment for our employees.

  The Board fully acknowledges that employees are the backbone of the operations and central to the success and continued viability of the Group. To this end, the Group strives to provide a healthy, comfortable and safe working environment for its diverse workforce and offers its employees fair compensation for their contributions and efforts.

ENVIRONMENTAL

We are mindful of the environmental impact of our activities and maintain full compliance with all the environmental regulation. We take responsibility to managing our environmental impacts seriously. GSB will continue to develop effective environment initiatives to protect the environment.

The industry we are in has extensive direct and indirect impacts on the environment and aligning ourselves with the goals of sustainable of sustainable development.

- **WATER AND ENERGY MANAGEMENT**

  We promote the water saving practices among employees and adopting water-efficient technologies and equipment wherever possible. The water consumed at our head office and site is obtained from the Syabas and SAJ water supply. We have taken small steps to control the water usage to be in line with the sustainability efforts, namely:

  - Slow the flow. Adjusting the water pressure outflow for the toilets, wash basins, pantry, throughout our office building and plant.
  - Seek the Leak. Conducting checks and fixing leaks immediately, where possible.

  We understand that the energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. Our electricity supply is from the local supply for both the head office and plant. We always aim to minimise the energy usage by implementing the following efforts:

  - Maintenance and replacement of electrical equipment and light fittings to maximise energy efficiency.
  - Constantly remind all staff to switch off the lighting, water dispenser, air conditioning, or other electrical appliances in office and pantry when they are not required.

- **WASTE MANAGEMENT**

  GSB acknowledges that the environmental impact of paper usage is significant. The Group's approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce the wastage. GSB has always looked at ways to reduce paper usage. Generally the group practises the following on the paper management:

  - Reducing paper – by encouraging avoiding printing and photocopying and emphasising on paperless and electronic mode. In addition to this, practise double sided printing or reduce the size to have the best economical usage of papers.
  - Reusing – by printing on the other side of the printed papers.
  - Recycle – recycle the papers by having proper recycling bins.

- **ENVIRONMENTAL COMPLIANCE**

  Compliance with laws and regulations is always the highest priority for GSB.

  Our operations namely the property development and manufacturing divisions are in compliance with the relevant requirements, according to the assessment conducted by the respective stakeholders during financial year ended 2019. Divisions with improvement needs have their action plans in place to become fully compliant with the requirements, in ensuring that all resources are available to our employees managing the environmental regulation.

  During the financial year ended 2019, we are pleased to highlight that we have not been fined or penalised for any significant environmental violations by Department of Environment.

SUSTAINABILITY STATEMENT
(CONT'D)

SOCIAL

The Group is committed to promote social responsibilities as an integral part of the Group whilst pursuing business growth to enhance shareholders' and stakeholders' value. The Group recognises that for long term sustainability, its strategic orientation will need to cater beyond the financial parameters. The Group's contributions in the social sector include retaining the current talents and exploring business opportunities in its areas of operations. It also strives to provide a safe working environment for all its employees and business partners.

- **SUPPLY CHAIN MANAGEMENT**

  GSB's Procurement Standard Operating Policy guides the business conduct of our employees to ensure all suppliers are treated fairly and in the best interest of GSB. Our Procurement Policy seeks to upkeep confidentiality and avoid conflicts of interest in transactions with our suppliers. GSB engages with local suppliers where possible to support the local economy and minimise environmental impacts from transportation.

- **EMPLOYMENT**

  We aim to create a sustainable value with our business activities. This objective unites our employees and consistent with our corporate values which guides our decision making and our actions. We offer a challenging and conducive working environment, providing our employees with competitive compensation and benefits programme aligned with industry practices.

  The Group offers attractive benefits in addition to basic salary to enhance employee wellness and retain the best talent possible.

  GSB complies with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund, employees' social security and leaves provision. These benefits include group personal insurance and mobile subsidy.

  We hire local employees wherever possible, to stimulate and help develop local communities.

- **DIVERSITY AND EQUAL OPPORTUNITIES**

  GSB provides equal employment opportunity without discriminating our candidates against their race, religion, age, gender, expression, ethnicity, national origin, disability, pregnancy, political affiliation, union membership, covered veteran status, protected genetic information or marital status.

  This includes hiring and employment practices such as wages, promotions, rewards, and access to training.

  The diversity of our employees with their individual differences and perspectives is essential to our strength and innovative capabilities. We want to create an inclusive working environment in which every employee is valued and individual performance is recognised.

  GSB implements various initiatives to realise gender diversity, for female employees for middle and above management positions. The Board of Directors ("BOD") of GSB currently has six (6) members, of whom two (2) of them are women, representing 33.33% of the BOD.

- **EDUCATION AND INDIVIDUAL DEVELOPMENT**

  The Group continuously provides its employees with skills development and training programmes that encourage progression and self-enrichment. Throughout the year under review, GSB conducted several in-house trainings to motivate employees and to upgrade their skills and knowledge. Employees have also enrolled in continuous courses, seminars and workshops.

- **SAFETY, HEALTHY AND CONDUCIVE WORK ENVIRONMENT**

  As a responsible corporation, we respect the interests of our stakeholders, our shareholders, employees, customers, suppliers, teaming partners, and the wider community and we actively seek out opportunities both to improve the environment and to contribute to the well-being of the communities in which we do business. The Group will continue to identify and undertake more related events to fulfil its Corporate Social Responsibility in any way and would contribute to preserving the values of Society.

  The Group places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment. The Group emphasises on a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

- **MARKETING AND CUSTOMER PRIVACY**

  We take seriously our marketing efforts and Customer Privacy. Our marketing brochures, our websites and other marketing materials undergone strict and robust review prior to releasing it to the general public. We also take into consideration and review continuously various laws and regulation governing our marketing materials as breach of customer privacy may pose a risk to reputation as well as customer dissatisfaction. We engage with various ministries including Housing Ministry, local authorities and municipalities on the requirements.

  We secure our potential and existing customers' data vigorously and continuously review our interaction of the public's expectation of privacy with the collection and dissemination of data.

  We are pleased to mention that there were no serious breach to our marketing materials and leakages of customers' data for the financial year ended 2019.

- **LEADERSHIP AND COMMITMENT**

  Top management ensure that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

LOOKING AHEAD

Since it is a continuous Sustainability reporting, we have made plans to develop towards formalising sustainability within our business, we recognise that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance.

Moving forward, we will enhance the materiality factors and metrics and targets to measure issues that are material to our business and move towards benchmarking our progress against the reporting standards.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERS

The Audit and Risk Management Committee comprises the following directors:-

Kuan Ying Tung
Chairman (Independent Non-Executive Director)

Ir. Low Wuu Shin
Member (Independent Non-Executive Director)

Tee Sun Ee
Member (Independent Non-Executive Director)

Duties and Functions

The Terms of Reference of the Audit and Risk Management Committee can be viewed at the Company's website at www.gsbsummit.com.my/auditcom.html.

The duties and functions shall be, amongst others:

Oversight of the External Auditor

- To consider the appointment or reappointment of external auditor, taking into consideration their independence, qualification, adequacy of experience and resources of the firm and the engagement team involved;
- To discuss with the external auditor the audit plan before the audit commences, the nature and scope of the audit and to ensure coordination if there is more than one audit firm involved;
- To review the independence and objectivity of the external auditor and their services, including non-audit services during their course of audit;
- To review the assistance given by the employees of the Group to the external auditor;
- To assess the performance of the external auditor;
- To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the external auditor may wish to discuss (in the absence of management where necessary). To ensure the Management had given its full support and unrestricted access to information;
- To discuss with the external auditor their evaluation of the system of risk management and internal control;
- To keep under review the effectiveness of internal control systems, in particular, review the external auditor's management letter and management's response; and
- To consider and recommend the appointment of the external auditor, audit fees, non-audit professional services and question on any resignation or dismissal of the external auditor before making recommendation to the Board.

Oversight of the Internal Auditor

- To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal auditor has the necessary authority to carry out its work;
- To review the internal audit programme, process, the results of the internal audit programme and process or investigation undertaken and whether or not appropriate action is taken by the management on the recommendations of the internal audit function; and
- To assess the performance of the internal audit function periodically.

Oversight of Financial Reporting

- To review the quarterly results, year-end financial statements and annual report prepared by the Management prior to the approval by the Board, focusing particularly on:-
  - o Changes in or implementation of major accounting policy changes;
  - o Significant matter highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
  - o Compliance with accounting standards requirements; and
  - o Compliance with stock exchange and legal requirements.

Oversight of Risk Management

- To establish risk management framework, policies and procedures;
- To implement and maintain a sound system of risk management and internal control which identifies, assess, manages and monitors significant risks;
- To review the effectiveness of risk management framework and the risk management processes; and
- To review the Statement on Risk Management and Internal Control.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR UNDER REVIEW

During the financial year, the activities of the Audit and Risk Management Committee included the followings:-

- Reviewed the unaudited quarterly financial statements of the Group, the explanatory notes and the draft announcements to ensure compliance with Main Market Listing Requirements and the Financial Reporting Standards "MFRS 134, Interim Financial Reporting" before making recommendations to the Board.

- Reviewed the audited statutory financial statements of the Group for the financial year ended 31 March 2018 together with the directors' report and auditors' report thereon in compliance with regulatory requirements. During the review, the Audit and Risk Management Committee focused on significant audit matters and key audit matters identify by the auditors and significant judgement and estimates by the management.

- Considered the suitability and independence of the External Auditors and Internal Auditors, and reviewed the non-audit services provided by the External Auditor to ensure there was no impairment of independence or objectivity.

- Discussed, reviewed and approved the External Auditors' scope of works and the Audit Plan and Strategy prior to commencement of audit, discussed updates on new developments of accounting standards issued by the Malaysian Accounting Standards Board, discussed the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.

- Reviewed and discussed the major findings of the internal audit and risk management investigations and management's responses and ensure that appropriate actions are taken on the recommendation for the internal audit and risk management functions for both property development and manufacturing segments.

- Deliberated on the detailed internal audit reports and its recommendations and Management's response to these recommendations. Where appropriate, the Audit and Risk Management Committee would instruct the Management to improve Control procedures based on Internal Auditors' recommendations and suggestions for improvements.

- Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018 before making recommendations to the Board.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

- Reviewed the performance of the External Auditors in terms of their capability, professionalism and independence before recommending them to the Board to be considered for re-appointment at the Annual General Meeting.

- Reviewed the expanded scope of Internal Audit to focus on more operational aspects of our core businesses especially at project sites.

INTERNAL AUDIT FUNCTION

The Group's internal audit function ("IAF") is outsourced to a professional Internal Audit firm, Smart Focus Group which adopts internal audit standards and best practices based on the International Professional Practices Framework, endorsed by the Institute of Internal Auditors Malaysia. The IAF team is headed by an Associate Director – Advisory, who is a member of the Malaysian Institute of Internal Auditors and was assisted by three staff during the financial year under review. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.

IAF provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit and Risk Management Committee. The Audit and Risk Management Committee approves the internal audit plan in the beginning of the financial year. The scope of internal audit covers the audits of all operations of subsidiary companies in the Group. The internal audit activities were reported directly to the Audit and Risk Management Committee based on the approved annual Internal Audit Plan.

Details of the Groups' internal control system and risk management frameworks are set out under Statement on Risk Management and Internal Control in this Annual Report.

The approach adopted by the Group is of a risk based approach to the implementation and monitoring of controls of the subsidiary companies. The internal auditor has been assigned to review and assess the adequacy of such controls prevailing in those key operational areas selected for review.

No major weakness which resulted in material losses, contingencies or uncertainties was identified during the period.

The professional fees incurred for the IAF during the current financial year amounted to RM18,000 (2018:RM20,163).

During the financial year, the following activities were carried out by the internal auditors:

i) Review the system of internal controls of the various business operating units;
ii) Recommend improvements to the existing systems of internal controls;
iii) Follow up on implementation and disposition of audit findings and recommendation;
iv) Identify opportunities to improve the operations of and processes in the Company and the Group; and
v) Identification of risks and implementation of recommendations to mitigate the risks.

In addition, for a key operational business, annual independent audit on operational and copyright management procedures in line with the International Standard of Operation ("ISO") Certificate Programme are carried out to provide further assurance of adequacy and integrity of the internal controls applied in the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE ATTENDANCE RECORD

The Audit and Risk Management Committee met five (5) times during the financial year ended 31 March 2019 and the attendance record is as follows:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Kuan Ying Tung (appointed on 5 November 2018)	2	2
Ir. Low Wuu Shin (appointed on 5 November 2018)	2	2
Tee Sun Ee (appointed on 22 November 2018)	2	2
Loy Kwee Keow (ceased of office on 28 August 2018)	3	3
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) (ceased of office on 28 August 2018)	3	3
Gan Boon Kat (ceased of office on 28 August 2018)	3	3

** Refers to the number of meetings held during the time the Director was in office

The Audit and Risk Management Committee Report was made in accordance with a resolution of the Board of Directors dated 23 July 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of directors of GSB Group Berhad ("the Board") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practising good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to present the following Statement on Risk Management and Internal Control which was prepared pursuant to Bursa Malaysia Listing Requirement For The Main Market and Practice 9.1 and 9.2 of the Corporate Governance Guide, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2019.

A. Responsibility of the Board

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement, fraud or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

B. Control Environment

Organisation Structure

The Board of Directors and Senior Management consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than eliminate them. The Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Group controls its businesses, the state of internal control and its activities. The internal control processes are reviewed and updated from time to time. This is to ensure that they are relevant and effective to respond to market changes.

Internal Audit

The Group's Internal Audit function is outsourced to external consultant. The Internal Audit team reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit and Risk Management Committee ("ARMC") (which was established on 27 May 2019) on a periodic basis. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the ARMC.

The Internal Audit team continues to be independently, free from any relationships or conflict of interest, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance measures in respect of any non-compliance. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the ARMC annually. The ARMC oversees the Internal Audit team's functions, its independence, scope of work and resources.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

The Internal Audit team also periodically reports on the activities performed and key strategic and control issues observed by Internal Audit team to the ARMC in order to preserve its independence. The ARMC reviews and approves Internal Audit's annual budget, audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors. In order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance, the Internal Audit team has aligned its current internal audit practices with the COSO/COCO Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by Internal Audit team are based on the internal control elements of scope and coverage. Internal Audit team continues to adopt the risk-based audit plan to ensure the programmes carried out are gathered, assessed and prioritised to derive the annual audit plan.

In the financial year ended 31 March 2019, reviews in various areas involving Manufacturing operations and Property Development operations were conducted. Key coverage areas included :

- Operations - Manufacturing
- Sales & Marketing
- Information Technology Management
- Procurement
- Accounting/Financial Activities
- Property Management

All reports from the internal audit reviews carried out were submitted and presented to the ARMC with the feedback and corrective actions to be undertaken Management.

For key operational areas, annual independent audit on operational procedures of a key subsidiary was carried out in line with the International Standard of Operation ("ISO") Certification Programme.

Quality Assurance

The Internal Audit team develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of Internal Audit processes and identifies opportunities for improvement via both internal and external assessments. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well experienced to manage the internal audit assignments.

Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the ARMC, external and internal auditors, and other experts at the expense of the Group, if any.

Our Group has relevant operating policies and procedures which comply with relevant laws and regulations. These policies and procedures ensure that processes adequately mitigate risks with appropriate internal controls. Regular reviews are conducted to ensure that risk policies and procedures are updated to align with new risk management action plans to address emerging risks and identified control gaps.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

Systems, Data and Information Security

The IT department is responsible for continuously monitoring and resolving both internal and external security threats to our Group. This includes conducting security awareness initiatives, compliance audits on our Group's IT networks and systems and vulnerability assessments to mitigate the impact of security attacks, negligence and malware. The IT policies are established to proactively manage current and potential security threats to our Group's data and content arising from physical and logical access.

Business Continuity Management

Business Continuity Management aims to minimise the impact of business disruption through building resilient capabilities for effective response to threats and disruptions. Formal recovery plans are established and continuously reviewed, maintained and tested. These activities have been conducted to ensure the availability and effectiveness of Business Continuity Planning ("BCP") in achieving timely recovery of services while prioritising staff safety.

Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholder value. The risk profile of the Group is established during risk mapping and assessment sessions facilitated by the external consultant. The risk responses and internal controls that the Management has taken and/or is taking are documented in the risk templates. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the ARMC. The ARMC, supported by the Internal Audit team, provides an independent assessment of the effectiveness of the Group's Enterprise Risk Management ("ERM") framework and reports to the Board. The Group's ERM is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment.

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

All identified risks are displayed on a risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however, the Executive Chairman ("EC") and Head of Finance ("HOF") work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

Risk management policies and practices form part of GSB's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonises its risks and risk appetites at the operational level wherever possible.

Risk Structure/Accountability and Responsibility

Further improving GSB's risk governance, ERM structures have been established within each department and subsidiary. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons also known as Heads of Departments ("HODs") / Risk Coordinators ("RCs"), are appointed at each business unit, and act as the single point of contact to liaise directly with the Group's Chief Risk Coordinator, the HOF, in matters relating to ERM, including the submission of reports on a periodic basis. In addition, they are responsible for assisting their HODs to manage and administer the business units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

Monitoring Activities

In the year under review, the following monitoring activities were undertaken to provide assurance on the effectiveness of risk management and internal controls:

a) Our Board through our ARMC has reviewed the risk management updates as well as the progress of compliance status of the internal control and risk management system.
b) Our ARMC has reviewed the process and compliance, exceptions identified by external auditors and internal auditors on a periodic basis. The implementation of the recommendations are tracked and reported to the ARMC on a periodic basis.

Management has taken the necessary actions to remediate weaknesses identified for the year under review. Our Board and senior leadership continuously assess the effectiveness of monitoring activities over risks and take measures to strengthen our risk management and internal control environment.

Assurance from the Management

The Board has also received assurance from the EC and HOF that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2019, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of directors dated 23 July 2019

NOMINATION COMMITTEE STATEMENT

MEMBERS

The Nomination Committee comprises the following directors:-

Kuan Ying Tung
Chairman (Independent Non-Executive Director)

Ir. Low Wuu Shin
Member (Independent Non-Executive Director)

Tee Sun Ee
Member (Independent Non-Executive Director)

DUTIES AND FUNCTIONS

In compliance to the Listing Requirements, the Nomination Committee comprises exclusively of Independent Non-Executive Directors.

The Nomination Committee's prime responsibilities are to consider and recommend to the Board balanced director mix, candidates for directorship, assessment of the effectiveness and performance of the Board, Board Committees and individual Board members as well as the independence of Independent Directors.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.gsbsummit.com.my/nomi.html.

The performance evaluation of the Board and Audit and Risk Management Committee were assessed by the Nomination Committee while the individual directors and independence of Independent Director were conducted by way of self-assessment. Each director was given a set of relevant questionnaire covering assessments for the Board, Board Committee, individual director and independence assessments for Independent Directors. Directors are required to fill out these questionnaires and provide their feedback, commentary and suggestions areas for improvement. The results of these questionnaires were compiled by the Company Secretary and tabled to the Nomination Committee for review and deliberation.

The main assessment criteria applied in the assessments include board participation, effectiveness, Chairman and Managing Directors working relation, board structure and mix, and directors' performance.

As part of this performance evaluation, the Nomination Committee will also identify and propose the training needs for strengthening the competency of the Board.

RETIREMENT AND ROTATION

All directors are required to retire for re-election at least once in every three years. Before recommending the retiring directors to the Board for re-election, the Nomination Committee will review and report the performance assessment of the retiring directors to the Board and retiring directors shall abstain from deliberation of their performance.

Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments.

NOMINATION COMMITTEE STATEMENT
(CONT'D)

ACTIVITIES

During the financial year, the Nomination Committee has conducted one (1) meeting with full attendance. At the meeting, the Nomination Committee:

i. Annual reviewed of the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;

ii. Annual assessment and tabling to the Board on the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual director, including Independent Non-Executive Directors and Managing Directors based on the evaluation forms circulated;

iii. Reviewed and reported to the Board on the annual declaration of independence by Independent Directors for continual adherence to the independence criteria of the listing requirements;

iv. Reviewed and recommended to the Board for re-election of retiring directors in AGM; and

v. Reviewed the skills, qualifications, integrity, competence, professionalism, time commitment and experience of the nominated candidates for Executive Chairman and Executive Director and proposed their appointment to the Board.

This statement is made in accordance with the resolution of the Board of Directors dated 23 July 2019.

OTHER INFORMATION

UTILISATION OF PROCEEDS

The Company did not implement any corporate proposal for the raising of funds during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

On 3 December 2015, there were 30,075,000 options granted of which 24,870,000 were accepted by employees. As at 28 June 2019, the options exercised is as follows:-

Listing date	No. of shares
9/11/2017	100,000
7/6/2018	1,700,000
26/6/2018	5,480,000
10/7/2018	3,420,000
23/7/2018	3,370,000
6/8/2018	2,420,000
23/8/2018	1,000,000
4/9/2018	6,800,000
19/9/2018	150,000
	24,440,000

There was no further new options granted during the financial year under review.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries for the financial year are as follows:-

	The Company	The Group
Audit Fees	38,000	156,000
Non-audit Fees	10,000	10,000
Purpose of Non-audit Fees	Review of Statement on Risk Management and Internal Control	Review of Statement on Risk Management and Internal Control

MATERIAL CONTRACTS

GSB Group had, on 13 March 2019 entered into a conditional share sale agreement with Bentong Makmur Holdings Sdn. Bhd., Gan Pik Mui and Gan Boon Kat for the disposal of two subsidiaries, namely Banda Industries Sdn. Bhd. and GSB Hotel Sdn. Bhd. There are no other material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

OTHER INFORMATION
(CONT'D)

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company in respect of the material contracts involving Directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature conducted during the financial year by the Company and its subsidiaries.

FINANCIAL STATEMENTS

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 March 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(2,214)	(937)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Gan Pik Mui	
Tee Eng Seng	(appointed on 19 June 2018)
Datin Toh Siew Chuon	(appointed on 19 June 2018)
Kuan Ying Tung	(appointed on 5 November 2018)
Ir. Low Wuu Shin	(appointed on 5 November 2018)
Tee Sun Ee	(appointed on 22 November 2018)
Gan Boon Kat	(retired on 28 August 2018)
Loy Kwee Keow	(retired on 28 August 2018)
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	(retired on 28 August 2018)

DIRECTORS ' REPORT
(CONT'D)

DIRECTORS OF THE SUBSIDIARIES

Directors who served in the subsidiaries during the financial year until the date of this report are:

Gan Pik Mui
Tee Eng Seng
Datin Toh Siew Chuon
Gan Boon Kat

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at the financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2018/Date of appointment*	**Bought**	**Sold**	**At 31.3.2019**
Shareholdings in the Company which Directors have direct interests				
Gan Pik Mui	55,065,100	3,500,000	(54,750,100)	3,815,000
Ir. Low Wuu Shin	240,000*	–	–	240,000
Tee Sun Ee	400,000*	–	–	400,000
Shareholdings in the Company which Directors have deemed interest				
Tee Eng Seng	88,000,000*	137,500,000	–	225,500,000
Datin Toh Siew Chuon	88,000,000*	137,500,000	–	225,500,000

	Number of options over ordinary shares			
	At 1.4.2018	**Granted**	**Exercised**	**At 31.3.2019**
Interests in the Company:				
Gan Pik Mui	3,500,000	–	(3,500,000)	–

By virtue of their interests of more than 20% in the shares of the Company, Tee Eng Seng and Datin Toh Siew Chuon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that GSB Group Berhad has an interest.

None of the other Directors holding office at 31 March 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS ' REPORT
(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salaries of full time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 32.2 to the financial statements.

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 apart from the issue of the Employees Share Option Scheme ("ESOS") issued by the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid up share capital of the Company was increased from 528,100,000 ordinary shares to 552,440,000 ordinary shares by way of issuance of 24,340,000 new ordinary shares pursuant to the 24,340,000 options exercised under ESOS at exercise price at 10 sen for cash.

There were no debentures issued 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 apart from the issue of options pursuant to ESOS.

At an Extraordinary General Meeting held on 30 January 2015, the Company's shareholders approved the establishment of an ESOS of not more than 44,000,000 new ordinary shares to eligible Directors and employees of the Group.

The salient features of the ESOS scheme are, inter alia, as follows:

i) Eligible executives are those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full-time executive directors have been approved by the shareholders of the Company in a general meeting.

ii) The aggregate number of shares to be issued under the ESOS shall not be more than 10% of the issued share capital of the Group or 44,000,000 new ordinary shares, whichever is higher.

iii) The Company has, on 15 April 2015 ("Effective Date"), implemented the ESOS. The ESOS will be in force for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date.

iv) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer and shall in no event be less than the shares of the Group of RM0.10.

v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate.

vi) The option granted to eligible executives will lapse when they are no longer in employment with the Group.

vii) The Options shall not carry any right to vote at any general meeting of the Company.

viii) A Grantee shall not be entitled to any dividends, rights or other entitlements on this unexercised Options.

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

			Number of options over ordinary shares			
Date of offer	**Exercise price**	**At 1.4.2018**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2019**
3.12.2015	RM0.10	24,770,000	–	(24,340,000)	(180,000)	250,000

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and annual premium paid for Directors of the Group were RM5,000,000 and RM10,000 respectively. There were no indemnity and insurance effected for auditors of the Group.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2019 have not been 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 that financial year and the date of this report.

DIRECTORS ' REPORT
(CONT'D)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

Datin Toh Siew Chuon
Director

Tee Eng Seng
Director

Kuala Lumpur,

Date: 25 July 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	Group			Company		
		31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Assets							
Property, plant and equipment	3	14,977	15,899	16,804	–	–	–
Goodwill	4	–	–	12	–	–	–
Investment property	5	–	–	407	–	–	–
Investments in subsidiaries	6	–	–	–	26,638	26,638	26,638
Land held for property development	7	38,648	75,444	43,851	–	–	–
Total non-current assets		53,625	91,343	61,074	26,638	26,638	26,638
Inventories	8	80,198	62,617	45,514	–	–	–
Contract assets	9	5,852	9,971	11,404	–	–	–
Contract costs	9	5,574	8,984	9,128	–	–	–
Trade and other receivables	10	14,317	25,842	33,022	39,612	29,621	27,214
Current tax assets		1,230	1,843	950	14	14	14
Prepayments		50	34	59	3	–	–
Cash and bank balances	11	1,131	7,128	5,517	197	20	22
		108,352	116,419	105,594	39,826	29,655	27,250
Assets classified as held for sale	12	53,652	848	848	–	–	–
Total current assets		162,004	117,267	106,442	39,826	29,655	27,250
Total assets		215,629	208,610	167,516	66,464	56,293	53,888

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019
(CONT'D)

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000	Company 1.4.2017 RM'000
Equity							
Share capital		56,629	53,754	53,740	56,629	53,754	53,740
Share option reserve		5	446	424	5	446	424
(Accumulated losses)/ Retained earnings		(996)	1,218	2,821	(11,684)	(10,747)	(10,559)
Total equity attributable to owners of the Company	13	55,638	55,418	56,985	44,950	43,453	43,605
Liabilities							
Loans and borrowings	14	11,164	47,244	22,383	–	–	–
Deferred tax liabilities	15	2,737	3,734	3,709	–	–	–
Other payables	16	10,774	9,655	9,655	–	–	–
Total non-current liabilities		24,675	60,633	35,747	–	–	–
Trade and other payables	16	60,912	66,161	47,877	21,514	12,840	10,283
Contract liabilities	9	–	3,205	–	–	–	–
Loans and borrowings	14	38,325	21,927	26,218	–	–	–
Current tax liabilities		–	1,266	689	–	–	–
		99,237	92,559	74,784	21,514	12,840	10,283
Liabilities classified as held for sale	12	36,079	–	–	–	–	–
Total current liabilities		135,316	92,559	74,784	21,514	12,840	10,283
Total liabilities		159,991	153,192	110,531	21,514	12,840	10,283
Total equity and liabilities		215,629	208,610	167,516	66,464	56,293	53,888

The notes on pages 58 to 126 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	18	29,830	22,070	–	–
Cost of sales		(26,283)	(18,232)	–	–
Gross profit		3,547	3,838	–	–
Other income		1,886	1,340	–	–
Distribution expenses		(442)	(406)	–	–
Administrative expenses		(4,079)	(3,970)	–	–
Other expenses		(1,000)	(455)	(937)	(188)
Results from operating activities		(88)	347	(937)	(188)
Finance income	19	90	98	–	60
Finance costs	20	(774)	(607)	–	(60)
Loss before tax	21	(772)	(162)	(937)	(188)
Tax income/(expense)	23	154	(1,181)	–	–
Loss from continuing operations		(618)	(1,343)	(937)	(188)
Discontinued operation					
Loss from discontinued operation, net of tax	24	(1,596)	(260)	–	–
Loss and total comprehensive expense for the year		(2,214)	(1,603)	(937)	(188)
Basic loss per ordinary share (sen)					
- from continuing operations		(0.11)	(0.25)		
- from discontinued operation		(0.29)	(0.05)		
	25	(0.40)	(0.30)		
Diluted loss per ordinary share (sen)					
- from continuing operations		(0.11)	(0.24)		
- from discontinued operation		(0.29)	(0.05)		
	25	(0.40)	(0.29)		

The notes on pages 58 to 126 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Share capital RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Retained earnings/ Accumulated losses RM'000	Total RM'000
		Non-distributable				
Group						
At 1 April 2017						
As previously reported		53,740	8,658	424	(6,740)	56,082
Effect of adoption of MFRS	33.4	–	(8,658)	–	9,561	903
As restated		53,740	–	424	2,821	56,985
Loss and total comprehensive expense for the year						
As previously reported		–	–	–	(2,607)	(2,607)
Effect of adoption of MFRS	33.4	–	–	–	1,004	1,004
As restated		–	–	–	(1,603)	(1,603)
Share options granted		–	–	26	–	26
Share options exercised		14	–	(4)	–	10
At 31 March 2018, restated		53,754	–	446	1,218	55,418
Loss and total comprehensive expense for the year		–	–	–	(2,214)	(2,214)
Share options exercised		2,875	–	(441)	–	2,434
At 31 March 2019		56,629	–	5	(996)	55,638
		Note 13		Note 13		

	Share capital RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total RM'000
	Non-distributable			
Company				
At 1 April 2017	53,740	424	(10,559)	43,605
Total comprehensive expense for the year	–	–	(188)	(188)
Share options granted	–	26	–	26
Share options exercised	14	(4)	–	10
At 31 March 2018/1 April 2018	53,754	446	(10,747)	43,453
Total comprehensive expense for the year	–	–	(937)	(937)
Share options exercised	2,875	(441)	–	2,434
At 31 March 2019	56,629	5	(11,684)	44,950
	Note 13	Note 13		

The notes on pages 58 to 126 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Loss before tax from:					
- continuing operations		(772)	(162)	(937)	(188)
- discontinued operations		(1,439)	(271)	–	–
		(2,211)	(433)	(937)	(188)
Adjustments for:					
Depreciation of property, plant and equipment		691	906	–	–
Finance costs		860	1,040	–	60
Finance income		(123)	(129)	–	(60)
Net impairment loss/(Reversal of impairment loss) on trade and other receivables		42	(19)	–	–
Goodwill written off		–	12	–	–
Provision for slow moving inventories		300	–	–	–
Loss/(gain) on disposal of:					
- property, plant and equipment		28	(2)	–	–
- investment property		(219)	(132)	–	–
Unrealised foreign exchange (gain)/ loss		(2)	5	–	–
Equity settled share-based payment transactions		–	26	–	11
Operating (loss)/profit before changes in working capital		(634)	1,274	(937)	(177)
Changes in working capital:					
Inventories		(23,213)	(17,103)	–	–
Land held for development		(142)	(689)	–	–
Contract costs		1,235	144	–	–
Contract assets		2,846	1,433	–	–
Contract liabilities		(851)	3,205	–	–
Trade and other payables		10,912	18,284	8,674	2,557
Trade and other receivables and prepayments		9,594	(10,679)	(9,994)	(2,392)
Cash used in operations		(253)	(4,131)	(2,257)	(12)
Interest paid		(5,057)	(4,542)	–	(60)
Interest received		123	129	–	60
Income tax paid		(2,165)	(1,536)	–	–
Income tax refund		51	75	–	–
Net cash used in operating activities		(7,301)	(10,005)	(2,257)	(12)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Additions to:					
- Property, plant and equipment		(14)	(1)	–	–
- Land held for property development		–	(9,500)	–	–
Proceeds from:					
- Deposits pledged with licensed banks		1,610	1,172	–	–
- Disposal of property, plant and equipment		–	2	–	–
- Disposal of investment property		26	539	–	–
Net cash from/(used in) investing activities		1,622	(7,788)	–	–
Cash flows from financing activities					
Drawdown of term loans		–	33,773	–	–
Drawdown of revolving credit		15,000	–	–	–
Proceeds from exercise of ESOS		2,434	10	2,434	10
Repayment of term loans		(17,291)	(10,810)	–	–
Repayment of finance lease liabilities		(54)	(114)	–	–
Net cash from financing activities		89	22,859	2,434	10
Net (decrease)/increase in cash and cash equivalents		(5,590)	5,066	177	(2)
Cash and cash equivalents at 1 April		(7,512)	(12,573)	20	22
Effect of exchange rate fluctuations on cash held		2	(5)	–	–
Cash and cash equivalents at 31 March	(i)	(13,100)	(7,512)	197	20

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019 (CONT'D)

Notes to statements of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash and bank balances	1,126	5,512	197	20
Deposits placed with licensed banks	–	1,610	–	–
Highly liquid investments	5	6	–	–
	1,131	7,128	197	20
Less: Deposits pledged	–	(1,610)	–	–
Bank overdrafts	(12,924)	(13,030)	–	–
	(11,793)	(7,512)	197	20
Cash and cash equivalents under assets classified as held for sale	(1,307)	–	–	–
	(13,100)	(7,512)	197	20

The notes on pages 58 to 126 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GSB Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 1, Jalan Wangsa Permai
First Floor, Bangunan One Wangsa
Taman Wangsa Permai
52200 Kuala Lumpur

Registered office
Level 8, Symphony House
Block D13
Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya, Selangor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2019 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 25 July 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. This is the Group's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impact on transition to MFRS is disclosed in Note 33 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed
Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 11 and Amendments to MFRS 128 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 April 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020.

The Group and the Company does not plan to apply MFRS 17, *Insurance Contract* that is effective for annual periods beginning on 1 April 2021 as it is not applicable to the Group and the Company.

The initial application of the applicable accounting standards, amendments or interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 8.2 – estimation of revenue and budgeted cost for property development projects
- Note 15 – deferred tax assets/liabilities
- Note 27.4 – measurement of expected credit loss ("ECL")
- Note 28 – contingent liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in the financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company as at 1 April 2017 (the transition date to MFRS framework), unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) revenue recognition;
ii) financial instruments; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the adoption of MFRS 15 and MFRS 9 are disclosed in Notes 33 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries, GSB Summit CD (M) Sdn. Bhd. and GSB Summit Audio (M) Sdn. Bhd., which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the accepted accounting principle prevailing at that time.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency transactions

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company has elected not to restate the comparatives. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, Financial Instruments: Recognition and Measurement.

(i) Recognition and initial measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) 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.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and 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.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as 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 effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(n)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets categorised as amortised costs are subject to impairment assessment (see Note 2(n)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and bank balances.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

Financial assets categorised as loans and receivables were subject to impairment assessment (see Note 2(n)(i)).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

Current financial year

Amortised cost

Other financial liabilities 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 profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) 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.

(d) 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

• Leasehold land	81 years
• Buildings	45 - 50 years
• Plant, machinery and audio equipment	8 - 10 years
• Office equipment	8 - 10 years
• Motor vehicles	5 - 6 years
• Furniture, fixtures and fittings	8 - 10 years
• Renovation	10 years

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

(e) Leased assets

(i) Finance lease

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(i) Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

(ii) Amortisation

Goodwill with indefinite useful lives is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses, if any. Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Land held for property development

Land held for development is measured at the lower of cost and net realisable value.

The cost of land held for development includes expenditure incurred in acquiring the land, conversion costs and other costs incurred in bringing it to its existing location and condition.

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

(i) Properties under development

Properties under development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Costs of properties under development not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(j) Inventories

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

The cost of manufacturing inventories is measured based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

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.

(k) Non-current asset held for sale

Non-current asset that is expected to be recovered primarily through sale rather than through continuing use, is classified as held for sale or distribution.

Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter generally the asset is measured at the lower of its carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(n)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

(ii) Costs to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Company, will be use in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and recognised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged bank balances and deposits.

(n) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

Current financial year (cont'd)

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

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

The Group and the Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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.

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income 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 and 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 and the Company's procedures for recovery of amounts due.

Previous financial year

All financial assets were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (cont'd)

(ii) Other assets

The carrying amounts of other assets 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 intangible assets that are not yet available for use, the recoverable amount is estimated at 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 unit.

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 cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating unit are allocated to reduce the carrying amount of the assets in the cash-generating unit on a *pro rata* basis.

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.

(o) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue 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 (CONT'D)

(p) 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 if the Group has 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) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

(ii) Property development

The Group generates revenue from the sale of properties to customers.

Sale of properties under construction

The sale of properties under construction is recognised over time. The revenue is recognised over time commencing upon the Group enters into agreements with its customers.

Revenue recognised over time is based on the stage of completion of units sold measured by reference to the proportion of the cost of properties under development incurred for works performed to date bear to the estimated total cost of properties under development.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. 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 prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and audio equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Group									
Cost									
At 1 April 2017		10,425	6,873	30,079	53	2,013	1,900	61	51,404
Additions		–	–	–	1	–	–	–	1
Disposals		–	–	–	–	(32)	–	–	(32)
At 31 March 2018/1 April 2018		10,425	6,873	30,079	54	1,981	1,900	61	51,373
Additions		–	1,472	–	14	–	–	–	1,486
Disposals		–	–	–	–	(151)	–	–	(151)
Transfer to assets held for sale	12.1	–	(1,737)	–	–	(681)	(1)	–	(2,419)
At 31 March 2019		10,425	6,608	30,079	68	1,149	1,899	61	50,289

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and audio equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Depreciation and impairment loss									
At 1 April 2017									
Accumulated depreciation		815	925	29,129	49	1,461	1,859	28	34,266
Accumulated impairment loss		–	–	334	–	–	–	–	334
		815	925	29,463	49	1,461	1,859	28	34,600
Disposals		–	–	–	–	(32)	–	–	(32)
Depreciation for the year		60	287	297	4	233	19	6	906
At 31 March 2018/1 April 2018									
Accumulated depreciation		875	1,212	29,426	53	1,662	1,878	34	35,140
Accumulated impairment loss		–	–	334	–	–	–	–	334
		875	1,212	29,760	53	1,662	1,878	34	35,474
Disposals		–	–	–	–	(123)	–	–	(123)
Depreciation for the year		60	295	150	5	162	13	6	691
Transfer to assets held for sale	12.1	–	(48)	–	–	(681)	(1)	–	(730)
At 31 March 2019									
Accumulated depreciation		935	1,459	29,576	58	1,020	1,890	40	34,978
Accumulated impairment loss		–	–	334	–	–	–	–	334
		935	1,459	29,910	58	1,020	1,890	40	35,312
Carrying amounts									
At 1 April 2017		9,610	5,948	616	4	552	41	33	16,804
At 31 March 2018/1 April 2018		9,550	5,661	319	1	319	22	27	15,899
At 31 March 2019		9,490	5,149	169	10	129	9	21	14,977

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Assets under finance lease agreements

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease agreements with carrying amounts of RM98,000 (31.3.2018: RM147,000; 1.4.2017: RM355,000).

3.2 Titles

The strata titles of buildings in certain subsidiaries with carrying amounts of RM300,000 (2018: RM305,000; 1.4.2017: RM322,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

3.3 Security

The leasehold lands and buildings of certain subsidiaries with carrying amount of RM13,003,000 (31.3.2018: RM14,978,000; 1.4.2017: RM15,263,000) were pledged to a licensed bank as security for credit facilities granted to a subsidiary (Note 14).

4. GOODWILL

	Group RM'000
Cost	
At 1 April 2017	738
Write-off	(738)
At 31 March 2018/1 Apr 2018/31 March 2019	–
Impairment loss	
At 1 April 2017	726
Write-off	(726)
At 31 March 2018/1 Apr 2018/31 March 2019	–
Carrying amounts	
At 1 April 2017	12
At 31 March 2018/1 Apr 2018/31 March 2019	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. INVESTMENT PROPERTY

Group		Freehold land	
	31.3.2019	31.3.2018	1.4.2017
	RM'000	RM'000	RM'000
At cost			
At 1 April	–	407	407
Disposal	–	(407)	–
At 31 March	–	–	407
Fair value			
At 1 April	–	528	539
At 31 March	–	–	528
Direct operating expenses arising from non-income generating investment property	–	24	19

No rental income was generated from the investment property in the previous financial year.

Fair values of investment property has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

In 2017, the freehold land with carrying amount of RM407,000 was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 14).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Unquoted shares, at cost	30,413	30,413	30,413
Less: Impairment losses	(3,775)	(3,775)	(3,775)
	26,638	26,638	26,638

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
Banda Industries Sdn. Bhd.	Malaysia	Property development	100	100	100
GSB Hotel Sdn. Bhd.	Malaysia	Property development	100	100	100
GSB Management Sdn. Bhd.	Malaysia	Property development and construction	100	100	100
GSB Properties Sdn. Bhd.	Malaysia	Property development	100	100	100
GSB Summit Development Sdn. Bhd.	Malaysia	Property development	100	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	100	100
GSB Summit CD (M) Sdn. Bhd.	Malaysia	Manufacture of compact discs	100	100	100
GSB Summit Audio (M) Sdn. Bhd.*	Malaysia	Dormant	100	100	100

* Ceased operations during the financial year ended 31 March 2010.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group					
Cost					
At 1 April 2017		14,270	20,500	9,081	43,851
Additions		29,493	–	3,535	33,028
Transfer to contract costs	9.2	(1,390)	–	(45)	(1,435)
At 31 March 2018/1 April 2018		42,373	20,500	12,571	75,444
Additions		–	–	4,339	4,339
Transfer to assets held for sale	12.1	(34,373)	–	(6,762)	(41,135)
At 31 March 2019		8,000	20,500	10,148	38,648

7.1 The land held for property development amounting to RM28,500,000 (31.3.2018: RM57,993,000; 1.4.2017: RM34,474,000) have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries (Note 14).

7.2 Included in the additions to development costs of the Group during the financial year is interest capitalised amounting to RM2,347,000 (31.3.2018: RM2,281,000; 1.4.2017: RM2,418,000).

8. INVENTORIES

	Note	Group 31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Raw materials and consumables		198	578	566
Work-in-progress		5	39	138
Finished goods		–	–	16
Completed properties		–	903	903
Properties under development	8.1	79,995	61,097	43,891
		80,198	62,617	45,514
Recognised in profit or loss:				
Inventories recognised as cost of sales		1,029	1,623	2,164
Provision for slow moving inventories		300	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVENTORIES (CONT'D)

8.1 Properties under development

	Note	31.3.2019 RM'000	Group 31.3.2018 RM'000	1.4.2017 RM'000
At beginning of year:				
Land costs		22,117	23,421	23,475
Development costs		38,980	20,470	18,279
		61,097	43,891	41,754
Land cost:				
Costs incurred during the year		–	17	1,044
Transferred to:				
- contract cost	9.2	(1,533)	(1,321)	(1,098)
- completed properties		(215)	–	–
- property, plant and equipment		(136)	–	–
Transfer to assets held for sale	12.1	(557)	–	–
		(2,441)	(1,304)	(54)
Development cost:				
Costs incurred during the year		28,504	21,509	5,460
Transferred to:				
- contract cost	9.2	(3,645)	(2,999)	(3,269)
- completed properties		(2,110)	–	–
- property, plant and equipment		(1,336)	–	–
Transfer to assets held for sale	12.1	(74)	–	–
		21,339	18,510	2,191
At end of year:				
Land costs		19,676	22,117	23,421
Development costs		60,319	38,980	20,470
		79,995	61,097	43,891

8.2 Estimation uncertainty and critical judgements

The Group estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on development projects have been projected based on the estimated market selling price of the units;
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. INVENTORIES (CONT'D)

8.3 Security

Included in the properties under development is RM19,676,000 (31.3.2018: RM22,117,000; 1.4.2017: RM23,421,000) being land costs pledged to a licensed bank as security for bank overdrafts facilities and secured term loans facilities granted to subsidiaries (Note 14).

The completed properties amounting to Nil (31.3.2018: RM136,000; 1.4.2017: RM136,000) have been pledged to a licensed bank as security for bank overdrafts facilities granted to a subsidiary (Note 14).

9. CONTRACT WITH CUSTOMERS

9.1 Contract assets/(liabilities)

		Group	
	31.3.2019 RM'000	**31.3.2018 RM'000**	**1.4.2017 RM'000**
Contract assets			
Accrued revenue			
Unbilled receivables on property sales	5,852	9,971	11,404
Contract liabilities			
Deferred revenue			
Advance billings on property sales	–	3,205	–

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts but not yet billed at the reporting date.

The contract liabilities primarily related to the advance consideration received from contract customer, which revenue is recognised over time during the development of property.

Significant changes in the contract assets/(liabilities) balances during the financial year are as follows:

	Note	**2019 RM'000**	**2018 RM'000**
Balances as at 1 April		6,766	11,404
Revenue recognised		42,484	29,834
Decrease due to progress billings made		(40,514)	(34,472)
Transfer to assets held for sale	12.1	(2,884)	–
Balances as at 31 March		5,852	6,766

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. CONTRACT WITH CUSTOMERS (CONT'D)

9.2 Contract costs

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000
Cost to fulfil a contract				
At 1 April		8,395	8,603	9,148
Costs incurred during the year		29,655	21,307	16,722
Transfer from land held for property development	7	–	1,435	–
Transfer from inventories	8.1	5,178	4,320	4,367
Cost recognised as cost of sales in profit or loss		(38,150)	(27,270)	(21,634)
Transfer to assets held for sale	12.1	(564)	–	–
		4,514	8,395	8,603
Cost to obtain a contract				
At 1 April		589	525	–
Costs incurred during the year		2,039	303	658
Cost recognised as cost of sales in profit or loss		(1,568)	(239)	(133)
		1,060	589	525
At 31 March		5,574	8,984	9,128

Land related costs that are attributable to the sold units are capitalised as contract costs during the current financial year. These costs are expected to be recoverable and are recognised to profit of loss when the related revenue is recognised.

10. TRADE AND OTHER RECEIVABLES

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000	Company 1.4.2017 RM'000
Trade							
Trade receivables		4,372	16,802	8,579	–	–	–
Less: Allowance for impairment losses		(232)	(226)	(252)	–	–	–
		4,140	16,576	8,327	–	–	–
Non-trade							
Other receivables	10.1	9,970	9,072	6,592	154	–	–
Deposits	10.2	207	194	18,103	–	–	–
Amounts due from subsidiaries	10.3	–	–	–	39,458	29,621	27,214
		10,177	9,266	24,695	39,612	29,621	27,214
		14,317	25,842	33,022	39,612	29,621	27,214

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

10.1 Other receivables

Included in the other receivables of the Group is an amount due from a joint venture partner of RM9,043,000 (31.3.2018: RM7,690,000; 1.4.2017: RM6,231,000) to a subsidiary, which is subject to interest of 8% (31.3.2018: 8%; 1.4.2017: 8%) per annum from date of letter of payment notice issued to the joint venture partner.

10.2 Deposits

Included in the deposits of the Group is Nil (31.3.2018: Nil; 1.4.2017: RM17,902,000) being deposit paid to the landowner by a subsidiary to acquire a piece of land in the District of Bentong, Pahang.

10.3 Amounts due from subsidiaries

Included in amount due from subsidiaries are unsecured amount of Nil (31.3.2018: Nil; 1.4.2017: RM1,900,000) subject to an interest rate of Nil (31.3.2018: Nil; 1.4.2017: Base Lending Rate plus 1.50%) per annum and repayable on demand. The remaining amount due from subsidiaries are unsecured, interest free and repayable on demand.

11. CASH AND BANK BALANCES

	Note	Group 31.3.2019 RM'000	Group 31.3.2018 RM'000	Group 1.4.2017 RM'000	Company 31.3.2019 RM'000	Company 31.3.2018 RM'000	Company 1.4.2017 RM'000
Cash and bank balances	11.1	1,126	5,512	2,730	197	20	22
Deposits placed with licensed banks	11.2	–	1,610	2,781	–	–	–
Highly liquid investments	11.3	5	6	6	–	–	–
		1,131	7,128	5,517	197	20	22

11.1 Cash and bank balances

Included in the Group's cash and bank balances is RM398,000 (31.3.2018: RM3,414,000; 1.4.2017: RM1,378,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

11.2 Deposits placed with licensed banks

Included in the deposits placed with licensed banks is Nil (31.3.2018: RM1,610,000; 1.4.2017: RM2,781,000) pledged for credit facilities granted to certain subsidiaries (Note 14).

11.3 Highly liquid investments

The Directors regard the highly liquid investments as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

12. ASSET CLASSIFIED AS HELD FOR SALE

12.1 On 13 March 2019, the Company has entered into a conditional share sale agreement with a Director, a company in which a Director has interest and a person connected to a Director for the proposed disposal of entire equity interest in its wholly owned subsidiaries, Banda Industries Sdn. Bhd. and GSB Hotel Sdn. Bhd. The transaction has yet to be completed as at financial year end.

At 31 March 2019, the assets and liabilities of the disposal group are as follows:

	Note	Group 2019 RM'000
Assets classified as held for sale		
Property, plant and equipment	3	1,689
Land held for property development	7	41,135
Inventories - completed properties		3,229
Inventories - properties under development	8.1	631
Contract costs	9.2	564
Contract assets	9.1	2,884
Current tax assets		1,122
Cash and bank balances		525
Receivables		1,873
		53,652
Liabilities classified as held for sale		
Payables and accrual		14,001
Contract liabilities		2,354
Loans and borrowings		19,063
Deferred tax liabilities	15	661
		36,079

The carrying value of property, plant and equipment and land held for property development of the disposal group is the same as its carrying value before it was being reclassified to current asset.

As at 31 March 2019, the property, plant and equipment amounting to RM1,689,000, land held for property development amounting to RM29,493,000 and completed properties amounting to RM136,000 were pledged to licensed banks as security for credit facilities granted to the subsidiary.

12.2 A freehold land was presented as an "asset held for sale" in 31.3.2018 and 1.4.2017 following the commitment of the Group to a plan to sell the land (Note 32.1).

The carrying value of investment property of Nil (31.3.2018: RM848,000; 1.4.2017: RM848,000) is the same as its carrying value before it was being reclassified to current asset.

The freehold land with carrying amount of Nil (31.3.2018: RM848,000; 1.4.2017: RM848,000) was pledged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 14).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. CAPITAL AND RESERVES

13.1 Share capital

Group and Company	Amount 31.3.2019 RM	Number of shares 31.3.2019	Amount 31.3.2018 RM	Number of shares 31.3.2018	Amount 1.4.2017 RM	Number of shares 1.4.2017
Issued and fully paid						
As at 1 April	53,754	528,100	53,740	528,000	52,800	528,000
Transfer from share premium account in accordance with Section 618(2) of the Companies Act 2016	–	–	–	–	940	–
Issued during the year	2,875	24,340	14	100	–	–
As at 31 March	56,629	552,440	53,754	528,100	53,740	528,000

In accordance with Section 618 of Companies Act 2016, the amount standing to the credit of the share premium account of RM940,000 (31.3.2018: RM940,000; 1.4.2017: RM940,000) has become part of the Company's share capital and is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of section 74). As of 30 January 2019, the Company did not utilise the share premium amounting to RM940,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

13.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 17.

14. LOANS AND BORROWINGS

	Note	Group 31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Non-current				
Secured term loans	14.1	11,152	47,191	22,276
Finance lease liabilities	14.2	12	53	107
		11,164	47,244	22,383

14. LOANS AND BORROWINGS (CONT'D)

	Note	Group 31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Current				
Secured term loans	14.1	10,360	8,843	10,795
Secured revolving credit	14.1	15,000	–	–
Secured bank overdrafts	14.1	12,924	13,030	15,309
Finance lease liabilities	14.2	41	54	114
		38,325	21,927	26,218
		49,489	69,171	48,601

14.1 Security

The term loans, revolving credit and bank overdrafts are secured by the property, plant and equipment (Note 3), investment property (Note 5), land held for property development (Note 7), inventories (Note 8) and deposits placed with licensed banks (Note 11) of certain subsidiaries, and are supported by the corporate guarantees from the Company, joint and several guarantee by a Director of the Company, certain third parties and a person connected with Director.

14.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.3.2019			
Less than one year	43	(2)	41
Between one and five years	12	–	12
	55	(2)	53
31.3.2018			
Less than one year	58	(4)	54
Between one and five years	55	(2)	53
	113	(6)	107
1.4.2017			
Less than one year	122	(8)	114
Between one and five years	113	(6)	107
	235	(14)	221

14. LOANS AND BORROWINGS (CONT'D)

14.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	At 31 March 2018 RM'000	Net changes from financing cash flows RM'000	Loans and borrowings under assets classified as held for sale RM'000	At 31 March 2019 RM'000
Term loans	33,071	22,963	56,034	(17,291)	(17,231)	21,512
Revolving credit	-	-	-	15,000	-	15,000
Finance lease liabilities	221	(114)	107	(54)	-	53
	33,292	22,849	56,141	(2,345)	(17,231)	36,565

15. DEFERRED TAX LIABILITIES

15.1 Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

Group	Assets			Liabilities			Net		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Property, plant and equipment	-	-	-	(2,737)	(3,300)	(3,511)	(2,737)	(3,300)	(3,511)
Land held for property development/ properties under development	-	-	-	-	(756)	(756)	-	(756)	(756)
Unabsorbed capital allowance	-	313	312	-	-	-	-	313	312
Unutilised tax losses	-	176	246	-	-	-	-	176	246
Others	-	-	-	-	(167)	-	-	(167)	-
Deferred tax assets/(liabilities)	-	489	558	(2,737)	(4,223)	(4,267)	(2,737)	(3,734)	(3,709)
Set off of tax	-	(489)	(558)	-	489	558	-	-	-
Net tax liabilities	-	-	-	(2,737)	(3,734)	(3,709)	(2,737)	(3,734)	(3,709)

15. DEFERRED TAX LIABILITIES (CONT'D)

Movement in temporary differences during the financial year

	At 1.4.2017 RM'000	Recognised in profit or loss (Note 23) RM'000	At 31.3.2017/ 1.4.2018 RM'000	Recognised in profit or loss (Note 23) RM'000	Included in disposal group held for sales (Note 12) RM'000	At 31.3.2019 RM'000
Group						
Property, plant and equipment	(3,511)	211	(3,300)	563	–	(2,737)
Land held for property development/ properties under development	(756)	–	(756)	95	661	–
Unabsorbed capital allowance	312	1	313	(313)	–	–
Unutilised tax losses	246	(70)	176	(176)	–	–
Others	–	(167)	(167)	167	–	–
	(3,709)	(25)	(3,734)	336	661	(2,737)

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets

Deferred tax assets/(liabilities) have not been recognised in respect of the following items (stated at gross):

		Group			Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Items generated from business activities on property development and replication of compact discs							
- Unabsorbed capital allowances		335	77	80	-	-	-
- Unutilised tax losses		5,135	3,833	3,955	225	225	225
- Other temporary differences		509	(33)	(32)	-	-	-
	15.2.1	5,979	3,877	4,003	225	225	225
Items generated from business activity on manufacturing plastic fabricated parts							
- Unabsorbed capital allowances		6,858	6,858	6,858	-	-	-
- Unutilised reinvestment allowances		8,540	8,540	8,540	-	-	-
	15.2.2	15,398	15,398	15,398	-	-	-
		21,377	19,275	19,401	225	225	225

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets (cont'd)

15.2.1 With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

15.2.2 The Group has unabsorbed capital allowances and unutilised reinvestment allowances carried forward from a subsidiary that has temporary ceased its business activity on manufacturing plastic fabricated parts. Subsequently, the subsidiary extended its business activity to property development and construction activities. Consequently, these unabsorbed and unutilised allowances are only eligible for utilisation by the Group in future against the income generated from the same business source.

16. TRADE AND OTHER PAYABLES

		Group			Company		
	Note	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Non-current							
Non-trade							
Other payable	16.1	10,774	9,655	9,655	–	–	–
Current							
Trade							
Trade payables		23,791	29,782	20,847	–	–	–
Non-trade							
Amounts due to subsidiaries	16.2	–	–	–	21,230	12,705	10,063
Other payables and accruals	16.3	12,755	10,466	10,125	284	135	220
Amounts due to Directors	16.4	2,657	25,913	16,905	–	–	–
Amount due to a previous Director	16.5	21,709	–	–	–	–	–
		37,121	36,379	27,030	21,514	12,840	10,283
		60,912	66,161	47,877	21,514	12,840	10,283

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. TRADE AND OTHER PAYABLES (CONT'D)

16.1 Other payable

Other payable represents the landowner's entitlement of RM10,774,000 (31.3.2018: RM9,655,000; 1.4.2017: RM9,655,000) that is expected to be payable to the joint venture partner over the final two years of the joint venture period.

16.2 Amounts due to subsidiaries

(i) Amount due to subsidiaries as at 31 March 2019 and 31 March 2018 are unsecured, interest free and repayable on demand.

(ii) Included in amount due to subsidiaries as at 1 April 2017 are unsecured amount of RM1,900,000 subject to interest of Base Lending Rate plus 1.50% and repayable on demand. The remaining amount due to subsidiaries are unsecured, interest free and repayable on demand.

16.3 Other payables and accruals

Included in other payables and accruals of the Group are:

(i) landowner's entitlement of Nil (31.3.2018: RM1,147,000; 1.4.2017: RM1,147,000) that is expected to be payable to the joint venture partner over the final two years of the joint venture period.

(ii) deposit received from a purchaser amounting to Nil (31.3.2018: RM1,007,000; 1.4.2017: RM77,000) in relation to a disposal of property (Note 32.1).

16.4 Amounts due to Directors

The amounts due to Directors are unsecured, interest free and repayable on demand.

16.5 Amount due to a previous Director

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. EMPLOYEE BENEFITS

Share-based payments arrangement

Share option programme (equity settled)

On 3 December 2015, the Group granted share options to qualified key management personnel and executives to purchase shares in the Company under the Employees Share Option Scheme approved by the shareholders of the Company on 30 January 2015. In accordance with these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grants of the share option programme are as follows:

Grant date/ employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Options granted to employees			
on 3 December 2015	10,526	Immediate	4.3 years
	10,526	1 year of service	4.3 years
	9,023	2 years of service	4.3 years
	30,075		

The number and weighted average exercise prices of share options are as follows:

	2019		2018	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 April	RM0.10	24,770	RM0.10	26,100
Forfeited during the year	RM0.10	(180)	RM0.10	(1,230)
Exercised during the year	RM0.10	(24,340)	RM0.10	(100)
Outstanding at 31 March	RM0.10	250	RM0.10	24,770
Exercisable at 31 March	RM0.10	250	RM0.10	24,770

The options outstanding at 31 March 2019 have an exercise price of RM0.10 (2018: RM0.10) and a weighted average contractual life of 1.3 years (2018: 2.3 years).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. EMPLOYEE BENEFITS (CONT'D)

Share-based payments arrangement (cont'd)

Share option programme (equity settled) (cont'd)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black Scholes model, with the following inputs:

	Key management personnel and executives	
	2019	**2018**
	RM'000	**RM'000**
Fair value of share options and assumptions		
Fair value at grant date	RM0.02	RM0.02
Weighted average share price	RM0.10	RM0.10
Exercise price	RM0.10	RM0.10
Expected volatility (weighted average volatility)	40.4%	40.4%
Option life (expected weighted average life)	1.3 years	2.3 years
Risk-free interest rate (based on Malaysian Government bonds)	3.8%	3.8%

Value of employee services received for issue of share options

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share options granted	–	26	–	26
Total expense recognised as share-based payments	–	26	–	11

In 2018, the share options expense was not recognised in full in the profit or loss of the Company as certain amounts have been re-charged to the subsidiaries.

18. REVENUE

Group	Continuing operations 2019 RM'000	Continuing operations 2018 RM'000	Discontinued operations 2019 RM'000	Discontinued operations 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Revenue from contracts with customers	29,830	22,070	15,713	12,773	45,543	34,843

18.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Property development	Distribution and manufacturing products
Timing of recognition or method used to recognised revenue	<u>Sale of properties under construction</u> Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Company have rights to payment for work performed.	Revenue is recognised at point in time when the goods are delivered and accepted by the customers at their premises.
Significant payment terms	Credit period of 0-21 days from invoice date.	Credit period of 30-90 days from invoice date.
Variable element in consideration	Discount or incentives given to buyers.	Discount given to customers.
Obligation for returns or refunds	Not applicable.	Not applicable.
Warranty	Defect liability periods of 24 months upon the delivery of vacant possession of the development unit.	Not applicable.

18.2 Disaggregation of revenue

In the following table, revenue is disaggregated by the type of services and the timing of transfer of revenue recognition.

Group	Continuing operations 2019 RM'000	Continuing operations 2018 RM'000	Discontinued operations 2019 RM'000	Discontinued operations 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
At a point in time						
Sale of goods	3,059	5,009	–	–	3,059	5,009
Over time						
Property development	26,771	17,061	15,713	12,773	42,484	29,834
	29,830	22,070	15,713	12,773	45,543	34,843

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. REVENUE (CONT'D)

18.3 Transaction price allocated to the remaining performance obligations

The Group applies the following practical expedients:

(i) exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

(ii) exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

There is no revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date that have a duration of more than one year.

19. FINANCE INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- Fixed deposits	35	70	–	–
- Housing development accounts	7	25	–	–
- Advance to related companies	–	–	–	60
- Others	48	3	–	–
	90	98	–	60

20. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Finance lease liabilities	(3)	(8)	–	–
- Bank overdrafts	(681)	(849)	–	–
- Revolving credits	(256)	–	–	–
- Term loans	(2,181)	(2,031)	–	–
- Advance from related company	–	–	–	(60)
	(3,121)	(2,888)	–	(60)
Finance costs:				
- Recognised in profit or loss	(774)	(607)	–	(60)
- Capitalised in land held for property development	(2,347)	(2,281)	–	–
	(3,121)	(2,888)	–	(60)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. LOSS BEFORE TAX

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Loss before tax is arrived at after charging:				
Auditors' remuneration				
- Audit fees	156	154	38	38
- Non-audit fees	10	10	10	10
Depreciation of property, plant and equipment	691	906	–	–
Impairment loss:				
- Trade receivables	6	–	–	–
- Other receivables	36	7	–	–
Goodwill written off	–	12	–	–
Loss on disposal of property, plant and equipment	28	–	–	–
Provision for slow moving inventories	300	–	–	–
Personnel expenses (including key management personnel):				
Contributions to state plans	355	420	–	–
Wages, salaries and others	3,319	3,844	–	–
Loss on foreign exchange - Realised	1	25	–	–
- Unrealised	–	5	–	–
and after crediting:				
Reversal of impairment loss on trade receivables	–	(26)	–	–
Gain on foreign exchange - Unrealised	(2)	–	–	–
Net gain on disposal of:				
- Property, plant and equipment	–	(2)	–	–
- Investment property	(219)	(132)	–	–
Interest receivable from advances to a joint venture partner	(1,289)	(834)	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company:				
- Fees	50	19	50	19
- Remuneration	274	371	–	–
	324	390	50	19
Other Directors of the Group:				
- Remuneration	124	–	–	–
	448	390	50	19

23. TAX (INCOME)/EXPENSE

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax (income)/expense on:					
- continuing operations		(154)	1,181	–	–
- discontinued operation	24	157	(11)	–	–
		3	1,170	–	–
Current tax expense					
- Current year		88	1,318	–	–
- Under/(Over) provision in prior years		251	(173)	–	–
Total current tax expense		339	1,145	–	–
Deferred tax expense					
- Origination and reversal of temporary differences		(80)	19	–	–
- (Over)/Under provision in prior years		(256)	6	–	–
Total deferred tax (income)/expense		(336)	25	–	–
Total tax expense		3	1,170	–	–

23. TAX (INCOME)/EXPENSE (CONT'D)

Reconciliation of tax expense

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Loss before tax	(2,211)	(433)	(937)	(188)
Income tax calculated using Malaysian tax rate at 24%	(531)	(104)	(225)	(45)
Non-deductible expenses	365	1,157	225	45
Non-taxable income	(705)	(35)	–	–
Effect of deferred tax assets not recognised	879	319	–	–
Over provision in prior years	(5)	(167)	–	–
	3	1,170	–	–

24. DISCONTINUED OPERATION

On 13 March 2019, the Company has entered into a conditional share sale agreement with a Director, a company in which a Director has interest and a person connected to a Director for the proposed disposal of entire equity interest in its wholly owned subsidiaries, Banda Industries Sdn. Bhd. and GSB Hotel Sdn. Bhd. The transaction has yet to be completed as at financial year end.

Profit attributable to the discontinued operation was as follows:

Results of discontinued operation

		Group	
	Note	**2019 RM'000**	**2018 RM'000**
Revenue	18	15,713	12,773
Expenses		(17,099)	(12,642)
Results from operating activities		(1,386)	131
Finance results		(53)	(402)
Loss before tax		(1,439)	(271)
Tax expense	23	(157)	11
Loss for the year		(1,596)	(260)
Cash flows (used in)/generated from discontinued operation			
- Operating activities		(543)	(4,633)
- Investing activities		–	(9,500)
- Financing activities		(542)	17,773
Net effect on cash flows		(1,085)	3,640

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

25. LOSS PER ORDINARY SHARE

25.1 Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2019 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	**2018**
Loss for the year attributable to ordinary shareholders (RM'000)		
- Continuing operations	(618)	(1,343)
- Discontinued operation	(1,596)	(260)
Weighted average number of ordinary shares at 31 March ('000)	545,309	528,041
Basic loss per ordinary share (sen)		
- Continuing operations	(0.11)	(0.25)
- Discontinued operation	(0.29)	(0.05)
	(0.40)	(0.30)

25.2 Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 March 2019 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2019	**2018**
Loss for the year attributable to ordinary shareholders (RM'000)		
- Continuing operations	(618)	(1,343)
- Discontinued operation	(1,596)	(260)
Weighted average number of ordinary shares at 31 March (basic) ('000)	545,309	528,041
Effect of share options on issuance ('000)	250	24,770
Weighted average number of ordinary shares at 31 March (diluted) ('000)	545,559	552,811
Diluted loss per ordinary share (sen)		
- Continuing operations	(0.11)	(0.24)
- Discontinued operation	(0.29)	(0.05)
	(0.40)	(0.29)

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1. Includes manufacturing and replication of optical discs.
- Segment 2. Includes property development of residential and commercial properties.

Other non-reportable segments comprise operations related to investment holding company. None of these segments met the quantitative thresholds for reporting segments in 2019 and 2018.

The accounting policies of the reportable segments are the same as described in Note 2(v).

Performance is measured based on segment profit/(loss) before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made on segment liabilities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. OPERATING SEGMENTS (CONT'D)

	Replication of compact discs RM'000	Property development RM'000	Discontinued operation – Property development RM'000	Total RM'000
2019				
Group				
Segment (loss)/profit	(918)	1,857	(1,386)	(447)
Included in the measure of segment (loss)/ profit are:				
Revenue from external customers	3,059	26,771	15,713	45,543
Not included in the measure of segment (loss)/ profit but provided to Managing Director:				
Depreciation	(232)	(116)	(64)	(412)
Finance costs	–	(774)	(86)	(860)
Finance income	16	74	33	123
Segment assets	8,620	145,632	53,652	207,904
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	–	2,368	1,985	4,353
2018				
Group				
Segment (loss)/profit	(314)	1,057	131	874
Included in the measure of segment (loss)/ profit are:				
Revenue from external customers	5,009	17,061	12,773	34,843
Not included in the measure of segment (loss)/ profit but provided to Managing Director:				
Depreciation	(388)	(146)	(92)	(626)
Finance costs	(60)	(547)	(433)	(1,040)
Finance income	–	98	31	129
Segment assets	10,273	130,856	58,468	199,597
Included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	–	2,997	30,032	33,029

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

26. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2019 RM'000	2018 RM'000
Profit or loss		
Total profit for reportable segments	939	743
Other non-reportable segments	(1,027)	(396)
(Loss)/profit on discontinued operation	(1,386)	131
Finance income	123	129
Finance costs	(860)	(1,040)
Consolidated loss before tax and discontinued operation	(2,211)	(433)

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2019						
Total reportable segments	45,543	(412)	(860)	123	207,904	4,353
Other non-reportable segments	–	(279)	–	–	7,725	–
Consolidated total	45,543	(691)	(860)	123	215,629	4,353
2018						
Total reportable segments	34,843	(626)	(1,040)	129	199,597	33,029
Other non-reportable segments	–	(280)	–	–	9,013	–
Consolidated total	34,843	(906)	(1,040)	129	208,610	33,029

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments at amortised cost ("AC") as at 31 March 2019:

	Carrying amount RM	AC RM
31.3.2019		
Financial assets		
Group		
Trade and other receivables	14,317	14,317
Cash and bank balances	1,131	1,131
	15,448	15,448
Company		
Trade and other receivables	39,612	39,612
Cash and bank balances	197	197
	39,809	39,809
Financial liabilities		
Group		
Loans and borrowings	(49,489)	(49,489)
Trade and other payables	(71,686)	(71,686)
	(121,175)	(121,175)
Company		
Other payables	(21,514)	(21,514)

The table below provides an analysis of financial instruments as at 31 March 2018 and 1 April 2017 categorised as follows:

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	FL RM'000
31.3.2018			
Financial assets			
Group			
Trade and other receivables	25,842	25,842	–
Cash and bank balances	7,128	7,128	–
	32,970	32,970	–
Company			
Trade and other receivables	29,621	29,621	–
Cash and bank balances	20	20	–
	29,641	29,641	–
Financial liabilities			
Group			
Loans and borrowings	(69,171)	–	(69,171)
Trade and other payables	(75,816)	–	(75,816)
	(144,987)	–	(144,987)
Company			
Other payables	(12,840)	–	(12,840)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	L&R RM'000	FL RM'000
1.4.2017			
Financial assets			
Group			
Trade and other receivables	33,022	33,022	–
Cash and bank balances	5,517	5,517	–
	38,539	38,539	–
Company			
Trade and other receivables	27,214	27,214	–
Cash and bank balances	22	22	–
	27,236	27,236	–
Financial liabilities			
Group			
Loans and borrowings	(48,601)	–	(48,601)
Trade and other payables	(57,532)	–	(57,532)
	(106,133)	–	(106,133)
Company			
Other payables	(10,283)	–	(10,283)

Financial assets that were classified as "loans and receivables" under MFRS 139 are now reclassified at "amortised cost" upon application of MFRS 9.

27.2 Net gains and (losses) arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Loans and receivables	–	952	–	60
Financial assets measured at amortised cost	1,339	–	–	–
Financial liabilities measured at amortised cost	(774)	(607)	–	(60)
	565	345	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

For the replication of compact discs segment, credit evaluations are required to be performed on major customers requiring credit over a certain amount.

For the property development segment, the services and products are predominantly rendered and sold to a large number of property purchasers with end-financing facilities from reputable financial institutions. The credit risks with respect to property purchasers with end-financing facilities are limited.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) 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 recovery activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of the receivables from replication of compact discs segment are regular customers and the Group uses ageing analysis to monitor the credit quality of the receivables whilst the portion of trade receivables for property development segment are property purchasers that have obtained end-financing from financial institutions. Any past due receivables, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its receivables and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables from the replication of compact discs segment will pay within 90 days. The Group will start to initiate a structured debt recovery process should there are indicators where the debts owing by a customer may not be fully recoverable. Should a structured debt recovery process is not possible, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of such trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years.

In respect of trade receivables arising from the sale of development properties, the Group retains the legal title to all properties sold until the full contracted sales value is settled. As such, under normal circumstances, the amounts due from property purchasers are not impaired.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 March 2019.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
31.3.2019			
Current (not past due)	3,976	(1)	3,975
1 – 30 days past due	56	(3)	53
31 – 60 days past due	78	–	78
61 – 90 days past due	34	(2)	32
More than 90 days past due	2	–	2
	4,146	(6)	4,140
Credit impaired			
More than 365 days past due	–	–	–
Individually impaired	226	(226)	–
	4,372	(232)	4,140
Trade receivables	4,372	(232)	4,140
Contract assets	5,852	–	5,852
	10,224	(232)	9,992

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the financial year are shown below.

	Lifetime ECL RM	Credit impaired RM	Total RM
Balance at 1 April 2018 as per MFRS 9	–	(226)	(226)
Impairment loss recognised	(6)	–	(6)
Balance at 31 March 2019	(6)	(226)	(232)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 31 March 2018 and 1 April 2017 are as follows:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
31.3.2018			
Not past due	16,232	–	16,232
Past due 1 - 30 days	314	–	314
Past due 31 - 60 days	29	–	29
Past due 61 - 90 days	1	–	1
Past due more than 90 days	226	(226)	–
	16,802	(226)	16,576
1.4.2017			
Not past due	7,482	–	7,482
Past due 1 - 30 days	561	–	561
Past due 31 - 60 days	182	–	182
Past due 61 - 90 days	69	–	69
Past due more than 90 days	285	(252)	33
	8,579	(252)	8,327

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	RM'000	**RM'000**
At 1 April 2017/2016	(252)	(250)
Impairment loss recognised	–	(30)
Impairment loss reversed	26	28
At 31 March 2018/2017	(226)	(252)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM49,436,000 (2018: RM69,540,000) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. Accordingly, the financial guarantees have not been recognised since the fair value on initial recognition was not material.

Recognition and measurement of impairment loss

The Group determines the probability of default of the financial guarantees individually using internal information available.

No allowance for impairment losses is made for financial guarantees as at the end of the reporting period.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

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

- The subsidiaries is unlikely to repay its advance to the Company in full; or
- The subsidiaries is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at 31 March 2019.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2019			
Low credit risk	39,458	–	39,458

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (cont'd)

Highly liquid investments

Risk management objectives, policies and processes for managing the risk

Investments of the Group are restricted to highly liquid investments with an insignificant risk of changes in value.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the Group have only placed highly liquid investments domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

The bank has low credit risks. The Group is of the view that no loss allowance is necessary.

27.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and 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 rate per annum %	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
31.3.2019							
Non-derivative financial liabilities							
Trade and other payables	71,686	-	71,686	60,912	10,774	-	-
Secured revolving credit	15,000	5.20	15,000	15,000	-	-	-
Secured term loans	21,512	7.50 to 8.07	28,290	10,891	1,582	4,745	11,072
Secured bank overdrafts	12,924	5.20	12,924	12,924	-	-	-
Finance lease liabilities	53	2.64	55	55	-	-	-
	121,175		127,955	99,782	12,356	4,745	11,072
31.3.2018							
Non-derivative financial liabilities							
Trade and other payables	75,816	-	75,816	66,161	9,036	619	-
Secured term loans	56,034	7.54 to 10.50	68,961	10,367	16,262	21,888	20,444
Secured bank overdrafts	13,030	6.95 to 8.01	13,030	13,030	-	-	-
Finance lease liabilities	107	2.64 to 2.74	113	58	55	-	-
	144,987		157,920	89,616	25,353	22,507	20,444
1.4.2017							
Non-derivative financial liabilities							
Trade and other payables	57,532	-	57,532	47,877	9,036	619	-
Secured term loans	33,071	7.35 to 10.35	45,472	12,099	8,925	6,861	17,587
Secured bank overdrafts	15,309	7.35 to 8.35	15,309	15,309	-	-	-
Finance lease liabilities	221	2.50 to 2.74	235	122	58	55	-
	106,133		118,548	75,407	18,019	7,535	17,587

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 Liquidity risk (cont'd)

Company	Carrying amount RM'000	Contractual interest rate per annum %	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
31.3.2019							
Non-derivative financial liabilities							
Trade and other payables	21,514	-	21,514	21,514	-	-	-
31.3.2018							
Non-derivative financial liabilities							
Trade and other payables	12,840	-	12,840	12,840	-	-	-
1.4.2017							
Non-derivative financial liabilities							
Amount due to subsidiaries	1,900	8.15	2,055	2,055	-	-	-
Trade and other payables	8,383	-	8,383	8,383	-	-	-
	10,283		10,438	10,438	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk

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

27.6.1 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

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

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Fixed rate instruments						
Financial assets	9,043	9,300	9,012	–	–	–
Financial liabilities	(53)	(107)	(221)	–	–	–
	8,990	9,193	8,791	–	–	–
Floating rate instruments						
Financial assets	–	–	–	–	–	1,900
Financial liabilities	(49,436)	(69,064)	(48,380)	–	–	(1,900)
	(49,436)	(69,064)	(48,380)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (cont'd)

27.6.1 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/ increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Post-tax profit/(loss)		Post-tax profit/(loss)	
	100 bp increase 2019 RM'000	100 bp decrease 2019 RM'000	100 bp increase 2018 RM'000	100 bp decrease 2018 RM'000
Group				
Floating rate instruments	(376)	376	(525)	525

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 Fair value information (cont'd)

The table below analyses financial instrument not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
31.3.2019					
Financial liabilities					
Secured term loans	–	–	20,849	20,849	21,512
Other payables	–	–	10,774	10,774	10,774
Finance lease liabilities	–	–	51	51	53
31.3.2018					
Financial liabilities					
Secured term loans	–	–	46,236	46,236	56,034
Other payables	–	–	9,655	9,655	9,655
Finance lease liabilities	–	–	103	103	107
1.4.2017					
Financial liabilities					
Secured term loans	–	–	22,618	22,618	33,071
Other payables	–	–	9,655	9,655	9,655
Finance lease liabilities	–	–	213	213	221

There is no financial instrument carried at fair value.

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowings arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models for financial instruments not carried at fair value.

The fair value of long term borrowings and payables are determined using the discounted cash flows valuation technique.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. CONTINGENT LIABILITIES

Serta Usaha Sdn. Bhd., a wholly owned subsidiary, is defending an action brought by a third party which claimed for recovery of Goods & Services Tax from the subsidiary amounting to RM1,107,000. Based on legal advice, the Directors are of the opinion that a provision is not required in respect of this matter.

		Company	
	Note	2019 RM'000	2018 RM'000
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	14	49,436	69,540

The Directors are of the opinion that a provision is not required in respect of the matters above as it is not probable that future sacrifice of economic benefits will be required.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratios at 31 March 2019 and at 31 March 2018 were as follows:

		Group	
	Note	2019 RM'000	2018 RM'000
Total borrowings	14	49,489	69,171
Less: Cash and bank balances	11	(1,131)	(7,128)
Net debt		48,358	62,043
Total equity		55,638	55,418
Debt-to-equity ratios		0.87	1.12

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

30. OPERATING LEASE

Lease as lessee

Non-cancellable operating lease rentals are payable as follows:

	2019 RM'000	2018 RM'000
Less than one year	60	–
Between one and five years	20	–
	80	–

The Company leases office under operating lease. The lease runs for a period of 2 years, with an option to renew the lease after that date.

31. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. There is no significant related party transaction during the year, other than key management personnel compensation (see Note 22).

The related party transactions have been entered into in the normal course of business under negotiated terms. The balances related to the related party transactions are disclosed in Note 10, Note 12 and Note 16.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

32.1 On 6 March 2017, GSB Summit Audio (M) Sdn. Bhd. also entered into a Sales and Purchase Agreement with a third party to dispose of a piece of freehold land for a cash consideration of RM1,100,000. The transaction was completed on 5 April 2018.

32.2 On 13 March 2019, the Company has entered into a conditional share sale agreement ("the Agreement") with Bentong Makmur Holdings Sdn. Bhd. ("BMHSB"), Gan Pik Mui and Gan Boon Kat for the proposed disposal of:-

(a) entire equity interest in Banda Industries Sdn. Bhd. ("BISB") for a total consideration of RM16,580,000, comprising:-

(i) purchase consideration of RM9,582,000; and

(ii) settlement of amount owing to the Company and its subsidiaries (excluding GSB Hotel Sdn. Bhd.) by BISB amounting to RM6,998,000; and

(b) entire equity interest in GSB Hotel Sdn. Bhd. ("GSBH") for a total consideration of RM2,196,000, comprising:-

(i) purchase consideration of RM3,694,000; and

(ii) netting off the amount owing by the Company and its subsidiaries (excluding BISB) to GSBH amounting to RM1,498,000.

Pursuant to the terms of the Agreement, the Company and BMHSB have mutually agreed to settle the total consideration of RM18,776,000 payable by BMHSB against the advances owing by the Company and its subsidiaries (excluding BISB and GSBH) to Gan Pik Mui and Gan Boon Kat amounting to RM24,373,000.

The transaction was completed on 24 July 2019.

33. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 March 2019, the comparative information presented in these financial statements for the financial year ended 31 March 2018 and in the preparation of the opening MFRS statement of financial position at 1 April 2017 (the Group's date of transition to MFRSs).

The transition to MFRS does not have a financial impact to the financial statements of the Company.

In preparing the opening statement of financial position at 1 April 2017 of the Group, the Group has adjusted amounts reported previously in financial statements prepared in accordance with FRSs. An explanation of how the transition from FRSs to MFRSs has affected the Group's financial position and financial performance is set out in the following notes.

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.1 Reconciliation of financial position

	Group As at 31 March 2018 FRSs RM'000	Group As at 31 March 2018 Effect of transition to MFRSs RM'000	Group As at 31 March 2018 MFRSs RM'000	Group As at 1 April 2017 FRSs RM'000	Group As at 1 April 2017 Effect of transition to MFRSs RM'000	Group As at 1 April 2017 MFRSs RM'000
Assets						
Property, plant and equipment	15,899	–	15,899	16,804	–	16,804
Goodwill	–	–	–	12	–	12
Investment property	–	–	–	407	–	407
Land held for property development	72,995	2,449	75,444	42,846	1,005	43,851
Total non-current assets	88,894	2,449	91,343	60,069	1,005	61,074
Property development costs	69,703	(69,703)	–	52,438	(52,438)	–
Inventories	1,520	61,097	62,617	1,623	43,891	45,514
Contract costs	–	8,984	8,984	–	9,128	9,128
Contract assets	–	9,971	9,971	–	11,404	11,404
Trade and other receivables	37,023	(11,181)	25,842	45,109	(12,087)	33,022
Current tax assets	1,843	–	1,843	950	–	950
Prepayments	34	–	34	59	–	59
Cash and bank balances	7,128	–	7,128	5,517	–	5,517
	117,251	(832)	116,419	105,696	(102)	105,594
Asset classified as held for sales	848	–	848	848	–	848
Total current assets	118,099	(832)	117,267	106,544	(102)	106,442
Total assets	206,993	1,617	208,610	166,613	903	167,516

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.1 Reconciliation of financial position (cont'd)

	Group As at 31 March 2018			Group As at 1 April 2017		
	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Equity						
Share capital	53,754	-	53,754	53,740	-	53,740
Share option reserve	446	-	446	424	-	424
Revaluation reserve	8,658	(8,658)	-	8,658	(8,658)	-
Retained earnings	(9,347)	10,565	1,218	(6,740)	9,561	2,821
Total equity attributable to owners of the Company	53,511	1,907	55,418	56,082	903	56,985
Liabilities						
Loans and borrowings	47,244	-	47,244	22,383	-	22,383
Deferred tax liabilities	3,734	-	3,734	3,709	-	3,709
Other payables	9,655	-	9,655	9,655	-	9,655
Total non-current liabilities	60,633	-	60,633	35,747	-	35,747
Trade and other payables	69,656	(3,495)	66,161	47,877	-	47,877
Contract liabilities	-	3,205	3,205	-	-	-
Loans and borrowings	21,927	-	21,927	26,218	-	26,218
Current tax liabilities	1,266	-	1,266	689	-	689
Total current liabilities	92,849	(290)	92,559	74,784	-	74,784
Total liabilities	153,482	(290)	153,192	110,531	-	110,531
Total equity and liabilities	206,993	1,617	208,610	166,613	903	167,516

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.2 Reconciliation of profit or loss and other comprehensive income for the financial year ended 31 March 2018

	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Revenue	22,597	(527)	22,070
Cost of sales	(18,412)	180	(18,232)
Gross profit	4,185	(347)	3,838
Other income	1,340	–	1,340
Distribution expenses	(709)	303	(406)
Administrative expenses	(3,970)	–	(3,970)
Other expenses	(455)	–	(455)
Results from operating activities	391	(44)	347
Finance income	98	–	98
Finance costs	(1,365)	758	(607)
Loss before tax	(876)	714	(162)
Tax expense	(1,181)	–	(1,181)
Loss from continuing operations	(2,057)	714	(1,343)
Discontinued operation			
Loss from discontinued operation, net of tax	(550)	290	(260)
Loss and total comprehensive expense for the year	(2,607)	1,004	(1,603)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.3 Reconciliation of statements of cash flows for financial year ended 31 March 2018

	FRSs RM'000	Effect of transition to MFRSs RM'000	MFRSs RM'000
Cash flows from operating activities			
Loss before tax	(1,437)	1,004	(433)
Adjustments for:			
Finance cost	1,798	(758)	1,040
Other non-cash items	667	–	667
	1,028	246	1,274
Changes in working capital:			
Inventories	103	(17,206)	(17,103)
Land held for development	(2,124)	1,435	(689)
Contract costs	–	144	144
Contract assets	–	1,433	1,433
Contract liabilities	–	3,205	3,205
Property development costs	(15,143)	15,143	–
Trade and other payables	21,779	(3,495)	18,284
Trade and other receivables and prepayments	(9,774)	(905)	(10,679)
Cash used in operations	(4,131)	–	(4,131)
Interest paid	(4,542)	–	(4,542)
Interest received	129	–	129
Net tax paid	(1,461)	–	(1,461)
Net cash used in operating activities	(10,005)	–	(10,005)
Net cash used in investing activities	(7,788)	–	(7,788)
Net cash from financing activities	22,859	–	22,859
Net increase in cash and cash equivalents	5,066	–	5,066
Effect of exchange rate fluctuation on cash held	(5)	–	(5)
Cash and cash equivalents at beginning of the financial year	(12,573)	–	(12,573)
Cash and cash equivalents at end of the financial year	(7,512)	–	(7,512)

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.4 Notes to reconciliations

Transition from Financial Reporting Standards ("FRSs") to MFRSs

The initial application of the MFRSs are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

i) *Property, plant and equipment – Deemed cost exemption – previous revaluation*

Under FRSs, the Group measured its land and buildings at valuation. The last valuation was carried out on 31 March 2014. Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM8,658k at 1 April 2017 and 31 March 2018 was reclassified to retained earnings.

ii) *Capitalisation of borrowing costs in property development cost*

Under FRSs, all borrowing cost incurred subsequent to the acquisition of land can be capitalised only during periods in which activities necessary to prepare the property for its intended use are in progress. Upon transition to MFRSs, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Certain comparatives have been reclassified in order to conform with current year presentation.

33.5 Accounting for financial instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In the implementation of MFRS 9, the Group assessed the impact of MFRS 9 by estimating the loss rate using flow rate method.

In the previous financial years, the Group classified and measured financial assets and liabilities based on MFRS 139 requirements. Upon adoption of MFRS 9, the Group classifies and measures financial assets and liabilities depending on the Group's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

In respect of impairment of financial assets, MFRS 9 replaced the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost and contract assets.

There is no significant impact arising from the adoption of MFRS 9 on the Group's and Company's financial statements, other than the classification of financial instruments (see Note 27.1).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

33.6 Accounting for revenue

The effect of adopting MFRS 15 on the property development activities of the Group is as follows:

(i) *Liquidated ascertained damages ("LAD")*

Liquidated ascertained damages payable when the developer fails to deliver vacant possession within the stipulated period will be viewed as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.

(ii) *Cost to obtain contracts*

It requires that expenses attributable to securing contracts with customers such as commission expense be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation.

(iii) *Distinct performance obligations*

It requires the identification of distinct performance obligations arising from the sale of property units from the various property development projects of the Group, such as providing goods at no additional consideration to customers. The revenue recognition relating to these separate performance obligations would depend on when the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities.

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

In the opinion of the Directors, the financial statements set out on pages 51 to 126 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 of 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

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

Datin Toh Siew Chuon
Director

Tee Eng Seng
Director

Kuala Lumpur,

Date: 25 July 2019

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

I, **Datin Toh Siew Chuon**, the Director primarily responsible for the financial management of GSB Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 126 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Datin Toh Siew Chuon, NRIC: 660508-13-5074, at Kuala Lumpur, Wilayah Persekutuan on 25 July 2019.

Datin Toh Siew Chuon
Director

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GSB GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of GSB Group Berhad., which comprise the statements of financial position as at 31 March 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 126.

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 March 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GSB GROUP BERHAD (CONT'D)

Key Audit Matters (cont'd)

Key Audit Matters for the Group

Accuracy of the estimated budgeted cost to complete property development projects Refer to Note 2 – Significant accounting policy: Revenue and other income, Note 8 – Inventories and Note 9 – Contract with customers	
The key audit matter	**How the matter was addressed in our audit**
We identified accuracy of the estimated budgeted cost to complete property development projects as one of the key audit matters due to:- i) potential cost overruns for properties under development where any expected loss on a development project shall be recognised as write down of inventories (properties under development) or adjusted in the transaction price, including potential foreseeable loss and delays in progress of work; and ii) significant judgement and estimation involved in preparing the estimates of total budgeted costs to complete a project. Any over or understatement of forecast costs could result in a material variance in the amount of profit or loss recognised to date and in the current year.	Our audit procedures performed over this area included, among others: • Evaluated the appropriateness of the projects' budgeted costs by reviewing the basis of preparation and comparing to available letter of awards, contracts and variation orders; • Challenged the reasonableness of the project's budget and key assumptions used which includes expected recovery of variations, claims and compensations events, by taking into account of our own expectations based on historical performance and industry knowledge, including obtaining and assessing information provided by management to determine whether the forecast assumptions are consistent with the terms of the relevant contracts; and • Evaluated the accuracy of profit being recognised in the profit or loss, including assessing any foreseeable losses due to cost overruns and/or delays arising from late delivery of vacant possession to purchasers by reviewing the contractual delivery dates of the signed agreements against the management's estimated delivery dates and progress reports.
Adoption of MFRS 15 (Revenue)	
The key audit matter	**How the matter was addressed in our audit**
MFRS 15 *Revenue from Contracts with Customers* became effective on 1 January 2018. Arising from the adoption of MFRS 15, the Group was required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it required involvement of our more senior personnel to assess the evaluation of the contracts with the customers performed by the Group.	Our audit procedures performed over this area included, among others: • Compared the accounting policies adopted with the requirements of MFRS 15; • Obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard; • Evaluated the estimates made for the revenue recognition by determining that inputs applied were not biased and these were reasonable and supportable; and • Assess the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

Key Audit Matter for the Company

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GSB GROUP BERHAD
(CONT'D)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report and, in doing so, consider whether the Annual Report 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 the Annual Report, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

i) 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.

ii) 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 internal control of the Group and of the Company.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GSB GROUP BERHAD (CONT'D)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

iv) 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 ability of the Group or of the Company 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.

v) 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 gives a true and fair view.

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

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

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

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

OTHER MATTERS

1) As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 March 2018 and 1 April 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as of 31 March 2019 and the financial performance and cash flows for the year then ended.

2) 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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Kam Chiew
Approval Number: 02055/06/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 25 July 2019

LIST OF PROPERTIES
AS AT 31 MARCH 2019

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2019 (RM)
CONTINUING OPERATIONS					
GSB Summit CD (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. 1307 Storey No. 3, Building 1 Taman Shamelin Perkasa, PT1604 Mukim of Kuala Lumpur District of Kuala Lumpur	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 23 years)	95	113,987
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur	Adjoining unit of semi-detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 19 years)	1,253	2,678,500
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 19 years)	1,037	4,508,734
GSB Summit Audio (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang District of Ulu Langat State of Selangor	Three (3) bedroom apartment for management	31-Mar-2014	Freehold (age is approx 19 years)	79	79,651
Parcel No. 1313 Storey No.3, Building 1 Taman Shamelin Perkasa, PT1604 Mukim of Kuala Lumpur District of Kuala Lumpur	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 23 years)	95	105,984
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur	Adjoining unit of semi-detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 19 years)	1,253	2,604,683
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 19 years)	1,041	4,529,392

LIST OF PROPERTIES
AS AT 31 MARCH 2019 (CONT'D)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2019 (RM)
Serta Usaha Sdn Bhd					
Land held for development					
GM 5148, Lot 791 Mukim of Klang Tempat Telok Gadong Road District of Klang State of Selangor	Vacant Land	28-July-2011	Freehold	24,534	12,636,242
HS(D) 320708, PT 1016 Seksyen 15, Bandar Shah Alam District of Petaling State of Selangor	Vacant Land	29-Mar-2016	Leasehold 99 years expiring on 29-March-2016 (age is approx 12 years)	8,993	26,012,189
GSB Properties Sdn Bhd					
Property Development Cost					
GRN 436615, Lot 186527 Mukim of Plentong District of Johor Bahru State of Johor	Property Under Development	12-Jul-2013	Freehold	11,007	85,569,274
DISCONTINUED OPERATIONS					
Banda Industries Sdn Bhd					
Property, plant and equipment					
HS(D) 12321, PT 14978 P206, Lorong 10 Taman Bentong Makmur District of Bentong State of Pahang	Shop Office	31-Mar-2014	Freehold	208	218,110
Land held for development					
139 parcels of residential plots located within Mukim of Bentong District of Bentong State of Pahang	Vacant Land	15-Jun-2017	Freehold	32,219	4,594,582
GM 1441, Lot 3728 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	6-Jul-2007	Freehold	38,445	988,650

LIST OF PROPERTIES
AS AT 31 MARCH 2019 (CONT'D)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2019 (RM)
21 parcels of residential plots held under 44 subdivided plots located within Mukim of Bentong District of Bentong State of Pahang	Vacant Land	10-Sep-2003	Freehold	16,123	2,386,164
GRN 9894, Lot 1248 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	24-Oct-2017	Freehold	210,765	33,165,102
HS(M) 7456, PT 22651 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	15-May-2015	Freehold	18,640	1
<u>Property Development Cost</u>					
71 parcels of residential plots held under HS(M) 7630, PT 23300 to HS(M) 7647, PT 22317 and HS(M) 7648, PT 22319 to HS(M) 7700, PT 22371 Mukim of Bentong District of Bentong State of Pahang	Property Under Development	6-Aug-2008	Freehold	10,301	564,492
GSB Hotel Sdn Bhd					
<u>Property, plant and equipment</u>					
Lot 30, Bentong Avenue Jalan Ketari Bentong , Pahang	Shop Office	31-Dec-2018	Freehold	409	1,464,275
<u>Property Development Cost</u>					
2 parcels of land, held under GM 309, Lot 432 and HS(D) 12718, PT 15685 Mukim of Bentong District of Bentong State of Pahang	Property Under Development	16-Dec-2008	Freehold	2,156	561,084

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019

Financial Year End	:	31-Mar-19
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTING OF SHAREHOLDERS/ DEPOSITORS
AS AT 28 JUNE 2019

Size of holdings	No. of shareholders	%	No. of shares	%
1 - 99	240	10.021	9,555	0.002
100 - 1,000	383	15.992	172,025	0.031
1,001 - 10,000	418	17.453	2,925,540	0.530
10,001 - 100,000	1,044	43.591	41,399,450	7.494
100,001 - 27,621,999 (*)	308	12.860	224,953,430	40.720
27,622,000 AND ABOVE (**)	2	0.084	282,980,000	51.224
TOTAL	**2,395**	**100.000**	**552,440,000**	**100.000**

Remark : * - less than 5% of issued shares
** - 5% and above of issued shares

LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/ DEPOSITORS
AS AT 28 JUNE 2019

NO.	NAME	HOLDINGS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JAVAWANA SDN. BHD. (SMART)	225,500,000	40.819
2	SURIA BITARA SDN BHD	57,480,000	10.405
3	TAN KIM HENG	19,637,200	3.555
4	TAPAK BUMIMAJU SDN BHD	8,863,900	1.605
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOAY HOOI MING	8,054,300	1.458
6	SEE BOON YONG	8,000,000	1.448
7	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG FAI TAT (CCTS)	6,500,000	1.177
8	I-WEN MORSINGH	6,200,300	1.122
9	YEL CONSTRUCTION SDN BHD	5,500,000	0.996
10	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM POH CHOO	5,175,000	0.937

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019
(CONT'D)

LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/ DEPOSITORS (CONT'D)
AS AT 28 JUNE 2019

NO.	NAME	HOLDINGS	%
11	LIM YEN CHEING	4,700,000	0.851
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (8119887)	4,100,000	0.742
13	TEE YONG SHENG	4,065,000	0.736
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH HOI (E-SS2)	3,600,000	0.652
15	SZE SEE CHUEN	3,600,000	0.652
16	YEE CHOON KIAT	3,596,000	0.651
17	GAN PIK MUI	3,500,000	0.634
18	HO WEI FUN	2,934,600	0.531
19	WONG AH WAH	2,666,900	0.483
20	LEW MING KIET	2,653,400	0.480
21	CHIN CHIN SEONG	2,606,200	0.472
22	ONG B-BEE	2,584,000	0.468
23	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE TSEX NEE	2,450,000	0.443
24	YEAP AIK SEONG	2,099,900	0.380
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG WYMIN (M09)	2,000,000	0.362
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOY KWEE KEOW	2,000,000	0.362
27	TEE YONG SOON	2,000,000	0.362
28	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	1,960,000	0.355
29	YONG LEE THIENG	1,915,100	0.347
30	PUA GEOK TAN	1,536,000	0.278
		407,477,800	**73.760**

ANALYSIS OF SHAREHOLDINGS
AS AT 28 JUNE 2019
(CONT'D)

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings as at 28 June 2019)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	GAN PIK MUI	3,815,000	0.691	–	–
2	KUAN YING TUNG	–	–	–	–
3	IR. LOW WUU SHIN	240,000	0.043	–	–
4	TEE ENG SENG*	–	–	225,500,000	40.819
5	TEE SUN EE	400,000	0.072	–	–
6	DATIN TOH SIEW CHUON*	–	–	225,500,000	40.819

* Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of their shareholdings in Javawana Sdn Bhd.

SUBSTANTIAL SHAREHOLDERS
(As per the Register of Substantial Shareholders as at 28 June 2019)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JAVAWANA SDN. BHD. (SMART)*	225,500,000	40.819	–	–
2	SURIA BITARA SDN BHD	57,480,000	10.405	–	–
		282,980,000	**51.224**	**–**	**–**

* Datuk Tee Eng Ho, Datin Toh Siew Chuon and Tee Eng Seng are the substantial shareholders of the Company through their deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of their shareholdings in Javawana Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("AGM") of the Company will be convened and held at No. 1, Jalan Wangsa Permai, First Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur on Thursday, 29 August 2019 at 10.00 a.m. to transact the following items of business:-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Reports thereon. — ***Please refer to Explanatory Note A***

2. To approve the payment of Directors' Fees amounting to RM50,000 for the financial year ended 31 March 2019. — ***Ordinary Resolution 1***

3. To approve the payment of Directors' Benefits (excluding Directors' Fees) amounting to RM22,500 of the Company for the period from 29 August 2018 until the forthcoming Twenty-Sixth AGM of the Company. — ***Ordinary Resolution 2***

4. To approve the payment of Directors' Benefits (excluding Directors' Fees) up to an amount of RM50,000 of the Company for the period from conclusion of Twenty-Sixth AGM until the next AGM of the Company. — ***Ordinary Resolution 3***

5. To re-elect Ms Gan Pik Mui who retire in accordance with Article 82 of the Company's Constitution. — ***Ordinary Resolution 4***

6. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Constitution:-

   (a) Mr Kuan Ying Tung; — ***Ordinary Resolution 5***

   (b) Ir. Low Wuu Shin; and — ***Ordinary Resolution 6***

   (c) Mr Tee Sun Ee. — ***Ordinary Resolution 7***

7. To re-appoint Messrs KPMG PLT as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — ***Ordinary Resolution 8***

As Special Business

To consider and if thought fit, pass the following resolutions:

<u>Ordinary Resolution</u>

8. Authority to Allot and Issue Shares Pursuant to the Companies Act 2016 — ***Ordinary Resolution 9***

   "THAT subject always to the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised pursuant to the Companies Act 2016 to allot shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Special Resolution

9. Proposed Adoption of the New Constitution of the Company ***Special Resolution 1***

   "THAT approval be given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Appendix III of the Circular to Shareholders dated 31 July 2019, be adopted as the Constitution of the Company AND THAT the Directors of the Company be authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855)
ZURIATI BINTI YAACOB (LS0009971)
Joint Company Secretaries

Petaling Jaya
31 July 2019

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.

2. A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.

8. Only members whose names appear in the Record of Depositors on 16 August 2019 shall be entitled to attend, speak and vote at the Annual General Meeting.

9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Twenty-Sixth AGM will be put to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

EXPLANATORY NOTE A

The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with the provision of Section 340(1) of the Companies Act 2016, and it does not require a formal approval of the shareholders. Hence, the agenda will not be put forward to voting.

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS

1. Ordinary Resolutions 2 and 3 – Proposed Payment of Directors' Benefits (excluding Directors' Fees)

   Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

   In this respect, the Company is seeking shareholders' approval for:-

   (i) the payment of Directors' Benefits (excluding Directors' Fees) amounting to RM22,500 of the Company for the period from 29 August 2018 until the forthcoming Twenty-Sixth AGM of the Company; and

   (ii) the payment of Directors' Benefits (excluding Directors' Fees) up to an amount of RM50,000 of the Company for the period from conclusion of Twenty-Sixth AGM until the next AGM of the Company.

   Other than Directors' Fees, Directors are remunerated with salary and other emoluments by virtue of their Employment Contracts.

2. Ordinary Resolutions 1, 2 and 3 – Payment of Directors' Fees and Directors' Benefits

   All the Directors who are shareholders of the Company will abstain from voting on Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 concerning Directors' Fees and Directors' Benefits at the Twenty-Sixth AGM.

3. Ordinary Resolution 8 – Proposed Allot and Issue Shares

   The proposed Ordinary Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the conclusion of the next Annual General Meeting.

   As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-Fifth Annual General Meeting held on 28 August 2018 and which will lapse at the conclusion of the Twenty-Sixth Annual General Meeting.

   A renewal for the said mandate is sought to avoid any delay and cost involved such as convening general meeting. Should the mandate be exercised, the directors would utilise the proceeds raised from this mandate for working capital or such other application they may in their absolute discretion deem fit.

4. Special Resolution 1 – Proposed Adoption of the New Constitution of the Company

   The proposed Special Resolution 1, if passed, will bring the Company's Constitution in line with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The proposed new Constitution is set out in Appendix III of the Circular to Shareholders dated 31 July 2019.

GSB GROUP BERHAD
(287036-X)

CDS account no. of authorised nominee

PROXY FORM

I/We ____________________ (name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. ____________________ (new) ____________________ (old)

of ____________________ (full address)

being a member(s) of the abovenamed Company, hereby appoint ____________________

(name of proxy as per NRIC, in capital letters) NRIC No. ____________________ (new) ____________________ (old)

or failing him/her ____________________ (name of proxy per NRIC, in capital letters)

NRIC No. ____________________ (new) ____________________ (old) or failing him/her* the Chairman

of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at No. 1, Jalan Wangsa Permai, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur on Thursday, the 29th day of August 2019 at 10.00 a.m. and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' Fees of RM50,000 for the financial year ended 31 March 2019		
Ordinary Resolution 2	Approval of Directors' Benefit (excluding Directors' Fees) amounting to RM22,500 of the Company for the period from 29 August 2018 until the forthcoming Twenty-Sixth AGM of the Company		
Ordinary Resolution 3	Approval of Directors' Benefit (excluding Directors' Fees) up to an amount of RM50,000 of the Company for the period from conclusion of Twenty-Sixth AGM until the next AGM of the Company		
Ordinary Resolution 4	Re-election of Ms Gan Pik Mui as Director		
Ordinary Resolution 5	Re-election of Mr Kuan Ying Tung as Director		
Ordinary Resolution 6	Re-election of Ir. Low Wuu Shin as Director		
Ordinary Resolution 7	Re-election of Mr Tee Sun Ee as Director		
Ordinary Resolution 8	Re-appointment of Messrs KPMG PLT as Auditors		
Ordinary Resolution 9	Authority to allot and issue shares pursuant to the Companies Act 2016		
Special Resolution 1	Proposed of Adoption of the New Constitution of the Company		

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

____
Signature/Common Seal

Number of shares held: ____________________

Date: ____________________

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
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8. Only members whose names appear in the Record of Depositors on 16 August 2019 shall be entitled to attend, speak and vote at the Annual General Meeting.
9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Twenty-Sixth AGM will be put to vote by poll.

* Strike out whichever is not valid

Please fold here

Stamp

The Company Secretary
GSB GROUP BERHAD
(287036-X)
Ground Floor Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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GSB GROUP BERHAD *(287036-X)*

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