BSL CORPORATION BHD

200401012615 (651118-K)

ANNUAL REPORT 2019

CONTENTS

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

Notice is Hereby Given that the Sixteenth Annual General Meeting of the Company will be held at Meeting Room, Ground Floor, Hotel S. Damansara, No. 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, PJU 9, 52200 Kuala Lumpur on Thursday, 6 February 2020 at 9.00 a.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who retire pursuant to Clause 76 (3) of the Company's Constitution:-
   i. Ngiam Tong Kwan **Resolution 1**
   ii. Teh Yoon Loy **Resolution 2**

3. To approve the payment of Directors' fees for an amount not exceeding RM350,000 for the financial year ending 31 August 2020. **Resolution 3**

4. To approve the payment of Directors' benefits for an amount not exceeding RM100,000 from 7 February 2020 until the next Annual General Meeting ("AGM") of the Company. **Resolution 4**

5. To re-appoint Messrs Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION I**
   Authority To Allot And Issue Shares

   "THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next AGM of the Company." **Resolution 6**

7. **ORDINARY RESOLUTION II**
   Continuing in Office as Independent Non-Executive Directors

   "THAT approval be and is hereby given to Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company." **Resolution 7**

   "THAT approval be and is hereby given to To' Puan Rozana Bte Tan Sri Redzuan who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company." **Resolution 8**

   "THAT approval be and is hereby given to Ng Wai Pin who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company." **Resolution 9**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

JOANNE TOH JOO ANN [LS 0008574]
YAP SIT LEE [MAICSA 7028098]
Company Secretaries

Kuala Lumpur
31 December 2019

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONT'D.)

NOTES:

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 January 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, this proxy form must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   (ii) By electronic means via facsimile
   In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at 03-2783 9222.

   (iii) By electronic means via email
   In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com.

   (iv) By electronic means via Tricor System, TIIH Online
   In the case of an appointment made via TIIH Online, this proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Annexure to the Form of Proxy for further information.

   For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging this proxy form is Tuesday, 4 February 2020 at 9.00 a.m.

12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

    (a) Identity card (NRIC) (Malaysian), or
    (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    (c) Passport (Foreigner).

13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONT'D.)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. **Agenda item No. 1 - Audited Financial Statements for the Financial Year Ended 31 August 2019**

   The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1) of the Act. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. **Agenda items No. 2 (i) and (ii) - Re-election of Directors**

   Ngiam Tong Kwan and Teh Yoon Loy are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Sixteenth AGM.

   The Board has through the Nomination Committee, considered the assessment of the Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

3. **Agenda items No. 3 and 4 - Payment of Directors' Fees and Benefits**

   Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

   The Proposed Resolution 3 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

   The proposed Resolution 4 for the Directors' benefits are benefit payable to the Executive Directors and meeting allowances. Meeting allowances are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 7 February 2020 up to the next AGM. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for the shortfall.

EXPLANATORY NOTES ON SPECIAL BUSINESS

4. **Agenda item No. 6 - Authority to Allot and Issue Shares**

   The Ordinary Resolution proposed under Resolution 6 is the renewal of the mandate obtained from the members at the last AGM ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

   The Ordinary Resolution proposed under Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

5. **Agenda item No. 7 - Continuing in Office as Independent Non-Executive Directors**

   Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

   Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin, were appointed to the Board on 28 December 2006 and have therefore served as the Independent Directors of the Company for a cumulative term of more than nine (9) years.

   The Board has via the Nomination Committee assessed the independence of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin, considered them to be independent and recommended that they continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

   (i) they fulfilled the criteria of an Independent Director pursuant to Main Market Listing Requirements of Bursa Securities;

   (ii) they are familiar with the Company's business operations as they have been with the Company for a period of more than nine (9) years;

   (iii) their long tenures with the Company have neither impaired nor compromised their independent judgement. They continue to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;

   (iv) they have exercised due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders;

   (v) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Non-Executive Directors; and

   (vi) they do not have any business dealings with the Group.

   The Ordinary Resolutions proposed under Resolutions 7, 8 and 9 if passed, will enable Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin to continue serving as Independent Non-Executive Directors of the Company.

BOARD OF DIRECTORS

NGIAM TONG KWAN
Executive Chairman

NGIAM TEE WEE
Chief Executive Officer / Executive Director

NGIAM TEE YANG
Deputy Chairman / Executive Director

TEH YOON LOY
Executive Director

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR
Independent Non-Executive Director

TO' PUAN ROZANA BTE TAN SRI REDZUAN
Independent Non-Executive Director

NG WAI PIN
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman | Independent Non-Executive Director

Ng Wai Pin
Member | Independent Non-Executive Director

To' Puan Rozana Bte Tan Sri Redzuan
Member | Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman | Independent Non-Executive Director

Ng Wai Pin
Member | Independent Non-Executive Director

To' Puan Rozana Bte Tan Sri Redzuan
Member | Independent Non-Executive Director

REMUNERATION COMMITTEE

Ngiam Tong Kwan
Executive Chairman

Ng Wai Pin
Member | Independent Non-Executive Director

To' Puan Rozana Bte Tan Sri Redzuan
Member | Independent Non-Executive Director

COMPANY SECRETARIES

JOANNE TOH JOO ANN (LS 0008574)
YAP SIT LEE (MAICSA 7028098)

WEBSITE

www.bslcorp.com.my

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No.8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

Tel : 03 2783 9191
Fax : 03 2783 9111

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd (11324H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No.8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

Tel : 03 2783 9299
Fax : 03 2783 9222

AUDITORS

Mazars PLT (AF1954)
Wisma Golden Eagle Realty, 11th Floor, South Block,
142-A, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
Tel : 03 2161 5222
Fax : 03 2161 3909

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Security Berhad
Stock Name : **BSLCORP**
Stock Code : **7221**

CORPORATE STRUCTURE

AS AT 04 DECEMBER 2019

BSL CORPORATION BHD 200401012615 (651118-K)

- 100% Ban Seng Lee Industries Sdn. Bhd.
- 100% Crestronics (M) Sdn. Bhd.
- 100% Unique Forging & Components Sdn. Bhd.
  - 100% Matahari Suria Sdn. Bhd.
- 100% BSL (HK) Limited
  - 25% Hongze Yiyang Steel Tube Co.,Ltd
  - 22.5% Petapak Holdings Limited
- 51% BSL Eco Energy Sdn. Bhd.
  - 100% Suria Solar Tech Sdn. Bhd.
  - 35% BSL Bersepadu Sdn. Bhd.
- 51% BSL Development Sdn. Bhd.

PROFILE OF DIRECTORS

NGIAM TONG KWAN

Executive Chairman

Aged 70 | Malaysian | Male

Appointed to the Board of BSL Corporation Bhd ("BSL") on 28 April 2005, he started his career as an apprentice tool maker in 1966 at Perusahaan Winco Sdn. Bhd. Five (5) years later, he was promoted to Production Supervisor where he not only supervised employees in the production department but was also involved in production and material planning. He was later promoted to Sales Manager. In 1978, he decided to venture out on his own and set up Ban Seng Lee Industries Sdn. Bhd.("BSLI"), guiding it through steady growth over the years. He is also the director and co-founder of Unique Forging & Components Sdn Bhd. ("Unique") and Crestronics (M) Sdn Bhd. ("Crestronics").

He is the Chairman of the Remuneration Committee of BSL.

He is the father of Ngiam Tee Wee, the Chief Executive Officer ("CEO") of BSL, the uncle of Ngiam Tee Yang, an Executive Director of BSL and the brother-inlaw of Teh Yoon Loy, an Executive Director of BSL.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

NGIAM TEE WEE

Chief Executive Officer / Executive Director

Aged 51 | Malaysian | Male

Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Land Surveying Degree from University of Melbourne, Australia, and started his career in 1993 as Factory Manager of Unique, a subsidiary of BSL. In 1995, he was transferred to BSLI as an Operations Manager. In 1998, one year after he completed his ISO 9000 Lead Assessor training, he led BSLI to ISO 9002 certification. He was promoted to General Manager in 2000 where his responsibilities included overseeing daily operations, sales and marketing, R&D and engineering. He is currently the Managing Director of BSLI and CEO of BSL.

He is responsible for the day-to-day operations of the Group. He is also responsible for business development as well as the implementation of corporate strategies.

He is the adopted son of the Executive Chairman, Ngiam Tong Kwan and the natural brother of Ngiam Tee Yang, an Executive Director of BSL.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

TEH YOON LOY

Executive Director

Aged 62 | Malaysian | Male

Appointed to the Board on 28 April 2005, he graduated with a Degree in Business Administratiton from Louisiana State University, USA, and after his graduation in 1982, he started his career as a credit and marketing officer with Sincere Leasing Sdn Bhd. He joined BSLI as a Finance Manager in 1984 and in 1989 he was appointed a Director of Unique.

He is the brother-in-law of the Executive Chairman, Ngiam Tong Kwan.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

PROFILE OF DIRECTORS (CONT'D.)

NGIAM TEE YANG

Deputy Chairman / Executive Director

Aged 53 | Malaysian | Male

Appointed to the Board on 28 April 2005, he graduated with a Bachelor of Engineering Degree from National University of Singapore in 1989 and later obtained his Graduate Diploma in Sales & Marketing Management from Temasek Polytechnic, Singapore in 1993. He started work as a Management Trainee in Miyoshi Precision (S) Pte Ltd, a Japanese precision metal stamping company in Singapore. He was attached to different departments holding various positions such as Assistant Manager of purchasing department and Sales Manager.

He joined BSLI as the Business Development Manager in 1992. In 1999, he was appointed the Deputy Managing Director for Crestronics. His duties include managing the day-to-day operations and business development for Crestronics. He was promoted to Managing Director of Crestronics in year 2005. In the year 2007, he was appointed as Deputy Chairman of BSL.

He is the nephew of Executive Chairman, Ngiam Tong Kwan and the natural brother of the CEO, Ngiam Tee Wee.

He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year. He does not hold any directorship in other public companies and listed issuers.

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

Independent Non-Executive Director

Aged 72 | Malaysian | Male

Appointed to the Board on 28 December 2006. He graduated with a Bachelor of Arts (Hons) from University of Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, USA, in 1977 and proceeded to obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from the University of Malaya. He obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from University Teknologi MARA in December 2009. In June 2011, he became a member of The Chartered Institute of Arbitrators, United Kingdom and in May 2012 became the fellow of the Institute.

He started his career in 1973 as Senior Project Officer, School of Finance Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and there after assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of the Federal Treasury. From 1993 to 1997, he joined the Board of Directors, Asian Development Bank, Manila, Philippines, first as Alternate Director and later as Executive Director. Datuk Dr. Syed Muhamad then joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, Datuk Dr. Syed Muhamad was Secretary General, Ministry of Human Resources.

During his career, he wrote and presented many papers relating to human resources development. His special achievement was that his dissertation "A Study on Board of Directors and Organizational Effectiveness" was published by Garland Publisher, Inc. of New York in 1991.

Datuk Dr. Syed Muhamad is a Director of Euro Holdings Berhad, Malakoff Corporation Berhad, Solution Engineering Holdings Berhad, ACR ReTakaful SEA Berhad and Asia Capital Reinsurance Malaysia Sdn. Bhd. He is also the Chairman of Sun Life Malaysia Takaful Berhad and Sun Life Malaysia Assurance Berhad. In addition, he holds a directorship in a number of private companies.

Datuk Dr. Syed Muhamad is a Chairman of the Audit and Risk Management Committee and Nomination Committee of BSL.

He does not have any family relationships with any directors and/or major shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS (CONT'D.)

TO' PUAN ROZANA BTE TAN SRI REDZUAN

Independent Non-Executive Director

Aged 55 | Malaysian | Female

Appointed to the Board on 28 December 2006, she is a member of the Chartered Association of Certified Accountants ("ACCA") and Malaysian Institute of Accountants ("MIA").

She was the Chief Executive Officer of Plantation & Development (M) Berhad (P&D), a company listed on Bursa Malaysia, from 1999 to 2003. P & D was involved in plantation activities, property development and construction. She also spearheaded the corporate restructuring of the company. Prior to joining the P & D Group of companies in 1995, she was an accountant with the now defunct accounting firm, Arthur Andersen & Co, and subsequently joined PB Securities Sdn. Bhd., a stockbroking firm. She presently sits on the board of various private companies that are in activities such as property development and waste-water treatment.

She also sits on the board of Tomypak Holdings Berhad.

She is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of BSL.

She has no family relationship with any Director and/or major shareholders of BSL. She has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

NG WAI PIN

Independent Non-Executive Director

Aged 54 | Malaysian | Male

Appointed to the Board on 28 December 2006, he graduated with a LLB Degree from University of Auckland in 1988 and was a barrister and solicitor attached to a leading legal firm in New Zealand for a number of years.

He later joined Shook Lin & Bok, a legal firm in Kuala Lumpur and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. After leaving the legal practice, he became the CEO of a company listed on Bursa Securities and later on the CEO of another company listed on the Australian Stock Exchange.

He is currently the Chairman and Chief Executive Officer of Frontken Corporation Berhad and a director of various private companies locally and overseas.

He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of BSL.

He has no family relationship with any Director and/or major shareholders of BSL. He has no conflict of interest with the company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF THE KEY SENIOR MANAGEMENT

ANDY WOO WENG KOK

Executive Director of Crestronics (M) Sdn. Bhd.

Aged 43 | Malaysian | Male

He graduated with a Bachelor of Science in Electrical Engineering Degree in 1998 & Bachelor of Science in Computer Engineering Degree in 1999 from Wichita State University, Kansas, USA and started working after graduation in 2000 as a Management Trainee in Western Resources, a Power & Gas Company in Kansas, USA.

He was then being assigned as a Design Engineer for one of its subsidiary, Kansas Gas & Electric (KGE) in 2001. He works in the engineering design group which is responsible to protect and maintain the running of power sub-station in Wichita, Kansas. His duty also includes doing research and design for electric distribution in Kansas, USA.

He joined Crestronics as a Product Engineer in 2002 and was promoted to Marketing & Purchasing Assistant Manager in 2006. His duty includes developing new customers, acting as a window for existing customers and setting up new models.

He is the son-in-law of the Executive Chairman, Ngiam Tong Kwan. He does not hold any directorship in any public companies and listed issuers. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAN CHOON KEUW

Deputy General Manager

Aged 61 | Malaysian | Male

He began his carrier at Matsushita Industrial Corporation Sdn. Bhd. after completing his MCE in year 1978 as a dies maintenance staff.

He joined BSLI in year 1983 and attached to Tool room as a tool room technician. Mr. Chan earned much experience at BSLI holding various key positions before being promoted to Deputy General Manager. He was in-charge of the Quality Assurance Department in 1987, Production Department in 1998 and Engineering Department in 2006. In 1998, he successfully completed Lead Assessor training and assisted the company to achieve ISO 9001 certification. Currently he is the Management Representative for both QMS & EMS.

He does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

NISHIMURA KOICHI

Business Development Senior Manager

Aged 58 | Japanese | Male

Nishimura Koichi was appointed as senior manager of business development of BSLI on Jan 2008. He graduated from Osaka College of Art in 1982, majoring in interior design. He started his career in Malaysia in 1991, beginning work as an interior designer where he often handle contract and project management.

Throughout his tenure with BSLI, he takes care of the sales department with special emphasis on Japanese clients and to develop new customers.

He does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF THE KEY SENIOR MANAGEMENT (CONT'D.)

YUKIHIRO EGUCHI

Operation Director for Crestronics (M) Sdn. Bhd.

Aged 57 | Japanese | Male

Mr. Eguchi started his career when he joined his family-owned company Bright Trading Corporation in Tokyo after graduation from Nippon Institute Technology attachment Komaba high school (Formerly Nippon Institute Technology attachment Tokyo Technical High School) in 1981, as an Automotive Mechanical Engineer. In 1986, he joined an American audio-video company, Sound Design Corporation, Tokyo Branch as an Engineer. During this period, he travelled frequently to Korea, and was stationed in Taiwan from 1988 to 1991.

In 1992, he joined New Tech Corporation, Tokyo as an Engineer in the R&D department and was transferred to Nouveau Tech (M) Sdn. Bhd., the Malaysian factory of New Tech Corporation in 1994, as General Manager of the QC department. In 1999, he joined Crestronics.

He does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAY JIUN YEE

Chief Financial Officer

Aged 47 | Malaysian | Male

Chay Jiun Yee was appointed as the Chief Financial Officer of BSL on 1 November 2017. He completed his ACCA in the year 2006. He is also a member of the MIA.

He began his career with Tan Peng Sam & Co as an audit assistant in 1996. He subsequently joined Malayan United Industries Berhad in 1998 as an account executive. In the year 2004, he joined BSL as a finance manager and was a key person in the Initial Public Offering of BSL in the main market of Bursa Malaysia. In the year 2009, he left BSL and joined 2 other companies in the finance manager capacity before rejoining BSL on 1 November 2017. Over the years, he has gained vast experience through his involvement in corporate exercises, group reporting, audit, tax and finance operations.

He does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KENNETH NG

Finance Manager

Aged 31 | Malaysian | Male

Kenneth Ng was appointed as the Finance Manager of BSL on 11 September 2017. He graduated with a Bachelor's Degree in Business and Commerce majoring in Accounting & Banking and Finance from Monash University in the year 2009. He is also a member of CPA Australia and the Malaysian Institute of Accountants.

He began his career with KPMG as an audit assistant in 2010 and later in 2015 he was promoted to audit manager. He has over 5 years of audit experience covering public listed, non-public listed companies and multinational companies. In 2015, he joined a private company in the corporate finance department where he was involved in corporate exercises, audit, tax, reporting and corporate secretarial matters.

He does not hold any directorship in any public companies and listed issuers. He does not have any family relationship with any director and major shareholder of BSL. He has no conflict of interest with the Company and has no conviction for any offences within the past five years (other than traffic offences, if any) and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CEO'S STATEMENT &
MANAGEMENT DISCUSSION AND ANALYSIS

Dear shareholders,

"On behalf of the Board of Directors of BSL Corporation Berhad, we present this year's Annual Report and Financial Statements for the year ended 31 August 2019."

OVERVIEW

Financial year 2019 had been a mixed year for the Group. Key segments such as the metal stamping and PCB assembly registered lower turnovers while the renewable energy segment improved from prior year. The Group had been working hard amidst tough competition and rising operating costs and is able to deliver an earnings per share of 1.40 cents as compared to a loss of 1.15 cents in the prior year.

CEO'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)

FINANCIAL REVIEW

For the financial under review, the Group recorded its highest ever revenue at RM159.65 million, a 0.5% increase from prior financial year's revenue of RM158.78 million. The Group also recorded a profit after tax of RM1.50 million as compared to a loss of RM2.49 million in FY2018. Our earnings before interest, tax and depreciation ("EBITDA") improved by 100% from RM4.36 million to RM8.73 million mainly due to the following factors:

1. The Group recognized an impairment of goodwill in prior year of RM4.7 million; and

2. Unfavorable foreign exchange losses in prior year of RM0.9 million arising from the intercompany owing and investment in overseas shares. The Group had taken steps to minimize the exposure to foreign currency fluctuations by capitalization of the intercompany owing and recognition of fair value loss in the investment in overseas shares resulting in a realized foreign exchange loss of RM0.09 million.

CAPITAL STRUCTURE AND CAPITAL EXPENDITURES

The Group equity attributable to the owners of the Company currently stands at RM108.7 million a decrease of 2% decrease from prior year which is mainly due to the recognition of fair value losses from the overseas share investment of RM2.99 million.

During the financial year under review, the Group incurred capital expenditures of approximately RM3.91 million. This is mainly derived from the investment in a new advanced turret punch machine and a press brake machine which were financed by hire purchase arrangement. Investing into the turret punch machine enables the Group to penetrate further to the sheet metal business where higher margins can be expected. This machine also complements our existing laser cut machine and together it opens up more capacity and opportunity to penetrate existing as well as new customers for the sheet metal segment.

The Group's total borrowings had decreased during the year to RM12.34 million as compared to RM14.56 million in prior year which translates to a debt to equity ratio of 11%. The Group has always been prudent in its borrowing and aims to always ensure its repayment capabilities on the outstanding current borrowings. One of the Group's term loan will be fully repaid by the end of the calendar year which will further reduce the debt to equity ratio.

CEO'S STATEMENT & MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D.)

OPERATIONAL REVIEW

Stamping Division

The stamping division faced a challenging year where revenue dipped 1% from RM140.5 million to RM138.6 million. Profit before tax also decreased from RM7.56 million to RM6.03 million while profit after tax were lower at RM3.4 million as compared to RM6.4 million in FY2018.

After a high in prior year from one key customer on the sales of TV back chassis, this segment is now experiencing a decrease in sales by 23% due to shifting demands for larger sized TVs as well as OLED technology TVs. For the TV back chassis production, the limitation in our machinery capabilities hinders us from tendering for larger sized TV back chassis, which is where the demand direction is presently.

On the other hand, other customer segments such as the agriculture and air conditioning segment has recorded higher sales and were able to cushion some of the impact of the lower TV back chassis sales.

We continue to be aggressive to increase sales from our existing customer base while searching for new customers while we acknowledge that manufacturing costs continue to increase due to the increase in minimum wage as well as levy absorption.

PCB Assembly Division

Our PCB assembly division registered a turnover of RM13.2 million in the current year as compared to RM15.5 million. In Prior year revenue were affected by a key customer who is now performing the PCB assembly in-house. The loss after tax has reduced slightly from RM1.9 million to RM1.6 million, however, other comprehensive loss for the year is at RM4.6 million as compared to RM1.9 million in FY2018.

The other comprehensive losses were due to the recognition of fair value losses from its investment in overseas shares amounting to RM2.99 million. Management took the conservative step to write off the entire fair value of the investments due to the poor financial performance of the shares.

The management is still continuing its effort in stabilizing and improving the operations to improve the operational results and have implemented various strict cost control measures in place.

Renewable Energy Division

Our renewable energy division recorded a turnover of RM7.9 million as compared to RM2.1 million in prior year. It registered a profit after tax of RM0.14 million as compared to a loss after tax of RM2.15 million in prior year.

This division completed 2 Engineering, Procurement, Construction and Completion ("EPCC") projects during the year. It continues to be an exciting year for this segment due to the various incentives and promotions from the government on the renewable energy segment. This division continues to be busy as it has secured a 1MW EPCC project with the expected completion in FY2020.

In addition, our subsidiary BSL Eco Energy Sdn. Bhd. is also a registered installer under GSparx Sdn. Bhd. a wholly owned subsidiary under Tenaga Nasional Berhad which focuses on investment in rooftop solar PV for retail customers. Being one of the few registered installer with GSparx opens up more opportunity for the Company to grow its business and name in the renewable energy segment. BSL Eco Energy has successfully completed several projects for GSparx and continue to receive further jobs from them.

Property Development Division

There were minimal activities in the property development division as the Group continues to focus on its core business. Nevertheless, the Group still analyses any potential development opportunities with our JV partner.

ANTICIPATED OR KNOWN RISKS

Any changes in the country's regulations and policies may have an impact on the Group's operations. The Group is susceptible to changes to labor law as it is labor intensive and the recent increase in minimum wage had further eroded our margins. To mitigate this, we are always looking into improving production efficiencies and increase automation to reduce manual work.

In regards to the bills of demand amounting to RM11.1 million issued by the Royal Malaysian Customs on 19 December 2014, a hearing was carried out in the Shah Alam High Court on 21 May 2019. Subsequent to a few adjournments of the decision date, it is now fixed for further clarification and decision on 6 January 2020. For the financial year ended 31 August 2019, our lawyer opines that we have arguable grounds and basis to contend that there is no legal and factual grounds for the Minister of Finance to reject our remission application. Hence, we have not made any further provisions on this matter in the accounts for FY2019.

SUSTAINABILITY IN BUSINESS

We recognize that value creation is not just for shareholders, but should be extended to all the relevant stakeholders. In view of that, we have taken various initiatives to promote sustainability as prescribed in our sustainability report which can be found in page 16. Moving forward, we intend to enhance our sustainability practices in our continuous quest for improvements.

MOVING FORWARD

We are cautious of the coming year with uncertainties in the economy outlook and acknowledge the challenging manufacturing landscape our business is in. We continue to explore new opportunities with our current customers while working hard to gain more business through new customers. Our expansion into sheet metal production is timely as demand is shifting towards high mix low volume. We now have the ability and facility to cater for both high and low mix production. The growth of this segment will be enhanced by in-house powder coating facility expected to be completed by March 2020.

We remain positive on the impact of the trade war between US and China as we have been receiving numerous enquiries. We hope to materialize some of these enquiries in the new financial year despite some challenges such as the pricing and machinery capabilities.

Internally, procedures and manufacturing methods are reviewed consistently to be more effective and efficient and to remain competitive without compromising the high level of quality standards.

DIVIDEND

The Board does not recommend any dividend payment in respect of FY2019 as we decided to be financially conservative in view of the possible cash requirements for the expansion of our business as we seek to stay competitive in the ever challenging business environment.

APPRECIATION

On behalf of the Board, we would like to express our sincere gratitude and acknowledge the contribution by all the Directors, management team and employees of BSL Corporation Berhad for their continuous support and commitment towards the growth of the Group. We would also like to thank our valued shareholders, customers, business associates, partners, suppliers, financiers, relevant government authorities and all other stakeholders for their continuing trust and support to the Group.

Thank you.

NGIAM TEE WEE
Chief Executive Officer
BSL Corporation Berhad
31 December 2019

SUSTAINABILITY STATEMENT

CREATING VALUE FOR OUR CUSTOMERS

Our theme "Creating Value for Our Customers" highlights our efforts to continuously progress towards a sustainable future. In today's fast growing technology advancement and rich history of delivering creative solutions, we take pleasure to provide cutting edge value added design as a key component to our services and sustainability progress.

At BSL, we strive to build on trusted quality during the year, we continued to enhance the governance frameworks to further integrate sustainability across the operations and projects to increase our focus on sustainable issues. As part of our sustainability journey, we will continue to engage our stakeholders to ensure we learn and evolve our approach and live up to our promises.

Our Sustainability statement ("SS") focuses on BSL Corporation Berhad's (herein after referred to as "BSL" or "the Company") and its subsidiaries ("the Group")sustainability practices in which we focus and highlight more on the economic, environmental, and social ("EES") impacts of our activities and initiatives. We are committed to create a positive and enduring social impact through our sustainability initiatives that support our business, the environment and the communities in which we operate. We are reporting in accordance with the Global Reporting Initiative ("GRI") Standards for sustainability reporting, prioritizing our focus on reviewing our material issues and mapping out our route forward to embed sustainability throughout our business operations.

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

REPORTING STANDARDS AND GUIDELINES

We have based our reporting approach on the framework and guidance provided by GRI. The report was developed with reference to Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s Sustainability Reporting Guide. This report has been prepared in accordance with the "core" option of the GRI Standards. This includes adhering to the GRI Principles for defining report content:

- Stakeholder Inclusiveness - Being responsive to stakeholder expectations and interest
- 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 stakeholders
- Completeness - including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance

REPORTING SCOPE AND BOUNDARIES

BSL SS2019 has been prepared in accordance with the GRI Standards. This SS covers the reporting period from 1 September 2018 to 31 August 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 is being advised by an external consultant to assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Group. The structure of our sustainability governance remains consistent to the previous reporting year.

Our Vision, Mission and Values

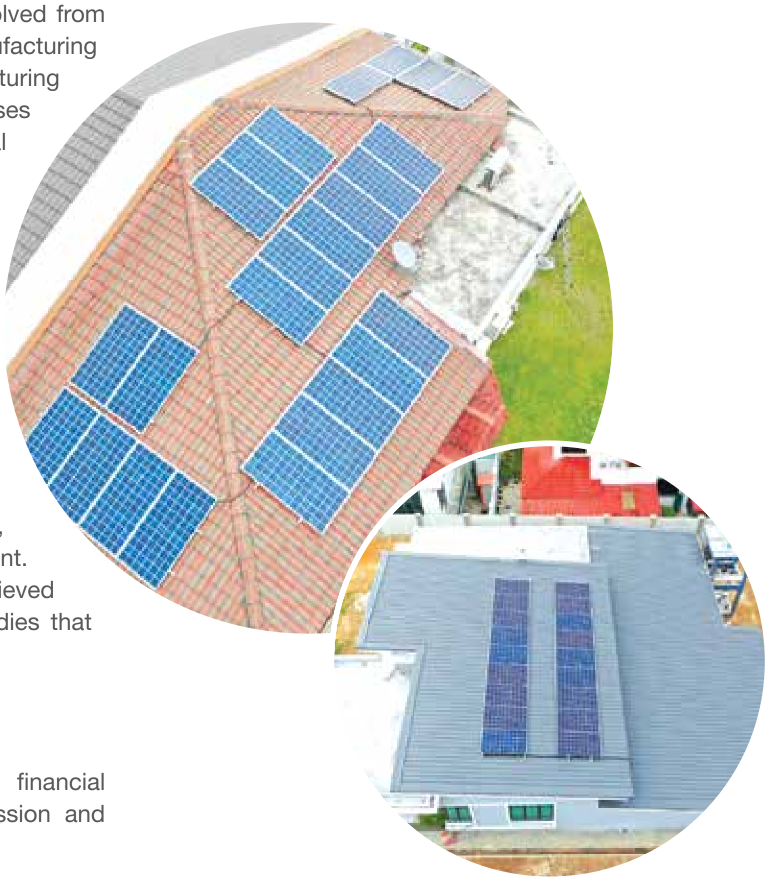
VISION	:	Continuously improve core competencies to be a leading contract manufacturer
MISSION	:	Focusing on people by practicing meritocracy, emphasizing on human development and enhancing morale. Encouraging innovation and creative technical improvements. Prioritizing operational efficiency. Be prepared for the future.
VALUES	:	We strive to maximize value for our shareholders and stakeholders.

SUSTAINABILITY STATEMENT (CONT'D.)

REPORTING SCOPE AND BOUNDARIES (CONT'D.)

Who Are We And What We Do

BSL was established in 1978 and has been listed in Kuala Lumpur Stock Exchange since 2005. We have evolved from a metal stamping company, into a Total Manufacturing Solution Provider specializing in contract manufacturing and component supply. Today our in-house processes include precision metal stamping, sheet metal fabrication, PCB assembly, tool design and fabrication, forging, CNC machining, final assembly and many related secondary processes. We also provide procurement services, warehousing and logistic services to help our clients send their goods worldwide at reduced cost.



BSL name is renowned for high quality processes that are ISO 9001 & ISO 14001 certified. Over more than four decades, the company's management policy has stressed excellence & continued improvement in manufacturing processes, quality, cost and responsibility for the environment. Subsidiaries under BSL Corporation have achieved various awards from partners and certification bodies that attest to their commitment in this philosophy.

Review of Operations

The Group's detailed review of operations and financial highlights are elaborated in "Management Discussion and Analysis" section of this Annual report.

OUR APPROACH IN DRIVING SUSTAINBILITY

Sustainability being significant in today's world, we continuously build on this foundation and has taken adequate approach to further strengthen our business for long term sustainability. Sustainability is part of our continuous growth. BSL has established the Governance for Sustainability to promote and engage in implementing sustainability related activities and disclosing material issues related to EES. In addition to the core values, we are also constantly taking steps to improve our internal capabilities to manage, communicate and report on the progress of our sustainability related activities.

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 engage in robust regular dialogues with key company stakeholders on sustainability challenges, including employees, investors, suppliers and consumers.
- We are in progress to open reporting on sustainability strategies, goals and accomplishments.

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.

SUSTAINABILITY STATEMENT (CONT'D.)

SUSTAINABILITY STRATEGY (CONT'D.)

2. As a product and service provider

- We manufacture our goods by minimising material, electricity, gas and manpower usage by tight monitoring of strict targets.
- We carry out continuous improvement program regularly to minimise wastages in our operations.
- We ensure that our operations have minimal impact to the environment by practicing 4R (Reduce, Reuse, Recycle and Refuse), strict compliance to ISO 14001 requirements, clients' requirements and governmental requirements.
- We carry out periodical CHRA (Chemical Health Risk Assessment) at our operations, as well as annual audiometric test, boundary noise test and factory noise exposure assessment.
- We ensure business growth by constantly reviewing our marketing strategy to focus on growth clients and investing in the correct machinery that will enhance business.
- We provide quality aesthetic functional designs to our clients.
- We provide excellence and reliable products and services to all of the clients.
- We provide financial strength to our projects to handle large scale of product orders.
- We create satisfied clients and turning them into happy ambassadors of our brand.

GOVERNANCE OF THE SUSTAINABILITY

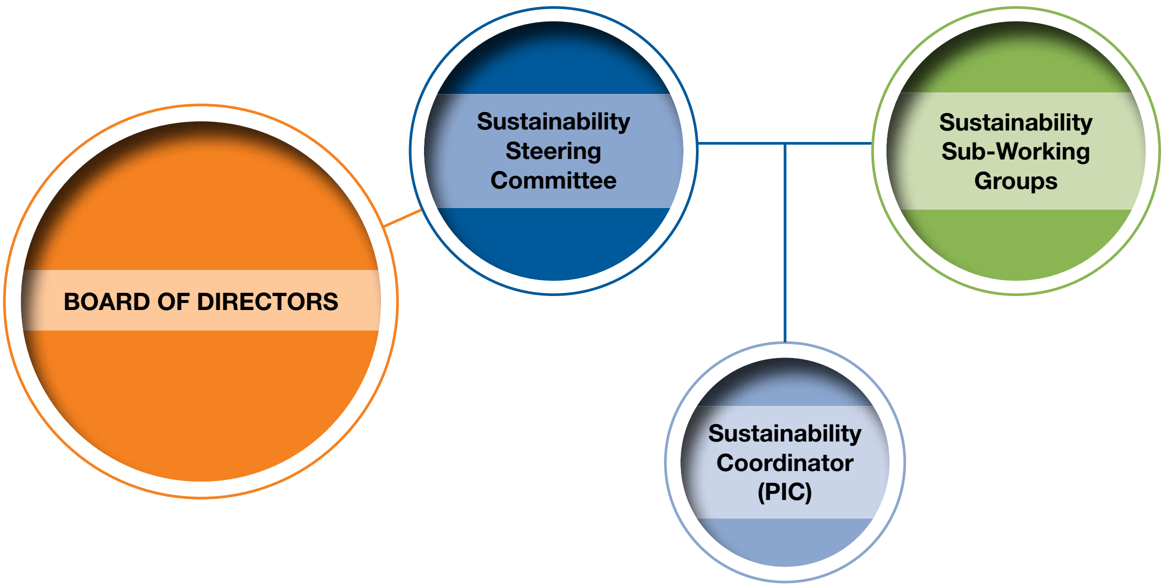
Being a Public Listed Company, BSL complies with the high standards of corporate governance (CG) practices and being closely monitored under the leadership of our Board of Directors, as guided by the Malaysian Code on CG 2017.

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 spearheaded our sustainability direction by involving all the pertinent Head of Departments and Business Units. To reinforce the governance structure, we are in the midst of establishing a Sustainability Steering Committee (SSC) which will be endorsed by the Board, to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The SSC will be supported by various working groups responsible for implementing the initiatives within the organization. The Group Executive Chairman (GEC) will provide the Board on regular update relating to all key EES risks and opportunities concerning sustainability matters.

The governance of our sustainability agenda is a process that is important to the Company as it enables the business to effectively embed sustainability. Good governance structures also ensure that we are consistently aligned to our principles and standards. Demonstrating its commitment from the top, the Company's sustainability agenda will be governed by the Sustainability Steering Committee.

ORGANISATION STRUCTURE FOR SUSTAINABILITY

Moving forward, BSL's sustainability strategy will be led by the Board of Directors, and will be implemented and monitored within the following governance structure:



ORGANISATION STRUCTURE FOR SUSTAINABILITY (CONT'D.)

Sustainability Structure	Roles and Responsibilities
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 a Sustainability Steering Committee which interfaces with respective Sustainability Sub-Working Groups of each Business Division, which drive the sustainability efforts and initiatives while ensuring consistency with the Group's sustainability strategy and business strategy. Sustainability policy will be established and tabled to the Board accordingly.
Sustainability Sub-Working Groups	Sustainability Sub-Working Groups are the sub-working groups of Sustainability Steering Committee established to carry out the following: • Set sustainability priorities and goals; • Develop and implement sustainability programs; • Advise on sustainability opportunities and innovations; • Track, monitor and analyse sustainability metrics and measures; and • Address and manage challenges and constraints to the sustainability initiatives.
Sustainability Coordinator (PIC)	Sustainability coordinator supports sustainability formalisation within the Group to achieve sustainability goals. Plays a central role to assist the Group to meet their business objectives using the sustainable approach.

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, BSL continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. As a manufacturer, we need to continually invest in our brand, channels and product range.

OUR MATERIALITY ASSESSMENT PROCESS

1. Objectives& Scope

BSL undertook 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 only our main operating subsidiary which contributes to approximately 87% of the Group's total revenue for FY2019.

2. Identification And Categorisation of Relevant Sustainability Matters

The process initiated with sustainability issues relevant to BSL 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 Initiatives Standards.

Since Sustainability is part of the business processes it is a continuous effort to undertake more drastic 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.

SUSTAINABILITY STATEMENT (CONT'D.)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D.)

OUR MATERIAL FACTORS

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

In determining sustainability priority, we combine the views from the management and the stakeholders from the preliminary materiality process; with the purpose to identify and address key sustainability issues which reflect significant economic, environmental, and social impact on our business.

The materiality process involved several steps including:

- Identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analyzing past reports, which reflects the feedback from customers, community representatives and employees generally.

- Inventory of aspects and topics most important to external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

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

Key Materiality

Material Factors	Description	What Are The Risk	What Are The Opportunities
Competition	BSL Corporation Berhad is exposed to competition within the industry.	Competitive industry will impact the Company's market share. Price war with the local industry players creates intense competition.	• Innovative products and eco-friendly system could be offered to the clients as to improve on our core value. • Regional partnerships and collaborations. • Strong market position in value creation plans. • Excellent functionality and improved efficient product range from the latest technologies.
Market Stability	A well-facilitated business, supported together with implementation of relevant regulatory requirements and framework that provides adequate levels of client's protection while facilitating business efficiency and innovation, is imperative for the continued growth and development of our business.	Any event - such as breaches in regulation, lack of effective corporate governance (CG) practices that undermines the Group's integrity or stability will influence stakeholder confidence, and possibly participation, in the market.	• Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth. • Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Malaysia.

Combining the views from stakeholders and BSL's 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.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D.)

Significance - Material Factors

		Factors	Why Material	Managing Materiality
MATERIALITY	Important	Optimization/ Resources	To help the company become efficient and effective.	Setting key manufacturing targets and monitoring them tightly to ensure resources are being optimised.
		Market Condition	Market condition affects all businesses in every industry.	Our business very much depends on the external market condition. We minimise risk by diversifying into different market segments and clients from different geographical location.
		Compliance	Compliance with laws and regulations is one of our main requirements.	We have in build necessary mechanisms to monitor the compliance.
		Safety	Impact on safety of workforce to avoid workplace injuries and customers to ensure safety of products.	We have an active Safety and Health Committee as well as a full time Safety Officer.
		Quality	Quality is a key criterion by clients to choose manufacturers.	By obtaining prompt stakeholder feedback to gauge our quality and constant monitoring of internal KPIs related to quality.
		Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.	We conduct customer satisfaction surveys to obtain customer's feedbacks.
		Product Mix	To have customer base from variety of product/segment mix.	In order to reduce dependency on certain product/ segtment, we are always on look out to diversify our customer base.
		Business Ethics/Code	Maintaining business ethics is our core value.	We proactively promote and positively reinforce good behaviours to the employees.
		Anti-Corruption	This reduces risks of economic imbalance and compliance with laws, international charters and conventions.	On-going monitoring, briefing and review of compliance throughout the Group is carried out to make sure that the company's policies and procedures as well as system of internal controls are being properly implemented.
		Local Environment Impact	It safeguards the environment impact.	We monitor and review the environmental compliance strategy and performance. Our operation is ISO 14001:2015 certified.
		Business Mix	Diversification is part of our business model to stay sustainable.	We always on lookout for synergy businesses which creates a better value to our core business.
		Climate Change	Climate change would have a significant impact on business.	We managed this by creating a good project management team which looks in to all the scenarios.

3. Our Stakeholders Engagement

Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritize and address material matters and be adopted in our business strategies. As the Group's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups such as our customers, employees, suppliers, shareholders and regulators. BSL believes fostering relationships with our key internal and external stakeholders strengthen the financial position of our Group. We also recognise the importance of our key stakeholders' views in all areas that we operate in order to keep us on track towards our sustainability goals. Therefore, the Group has undertaken various approaches and communication and engagement strategies to engage with our key stakeholders to solicit their views. 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 Committee or Management Meetings 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.

SUSTAINABILITY STATEMENT (CONT'D.)

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D.)

3. Our Stakeholders Engagement (cont'd.)

We organise various stakeholders into seven groups, which cover all the relevant parties from shareholders and clients, through to suppliers and media.

Our interaction with our stakeholders takes place on a series of different levels and with varying regularity. Interaction with existing clients and financial investors are virtually daily, while engagement with regulators or certification bodies may be more ad-hoc.

Informal feedback is likely to take place during other meetings such with individual stakeholders, supplier representatives, investors or banks.

Our key stakeholders are outlined on the table below, along with the forms of engagement and objectives that we seek to address:

Stake Holder Group	Engagement Approach	Engagement Focus & Object
Customers	1. Yearly customer satisfaction survey for selected customers (Monthly sales > RM300k / Yearly > RM3.6 million; car industry customers (all); all new customers > 12 months). Survey covers 4 key areas which are quality, service, delivery and pricing. 2. Key PIC allocated for each customer as the mode of contact. 3. Bi-monthly internal sales meeting for each PIC to update on their respective customers situation. 4. Attract new customers through participation in exhibitions locally and overseas. 5. Product improvements suggestion to customers 6. Increase our new processes offerings to customers. For example, we started to offer sheet metal processing services (offering laser cut and turret punch services) to our clients recently.	1. Customer satisfaction 2. Customer retention 3. Increase branding and customer awareness 4. To reduce dependency on certain market segments 5. To increase market share.
Employees	1. Employees orientation 2. Yearly appraisals 3. Improvement through internal and external trainings 4. Employees can report of any issue through our whistle blowing policy published in the website.	1. Employee's familiarization 2. Employee's career progression and satisfaction
Suppliers	1. Supplier evaluations and selection (new supplier) 2. Request for proposals 3. Existing suppliers -monitor performance (delivery and quality) - monthly 4. Monitoring of Non-use warranty of Hazardous substance (NUW) - as at when there is an update in materials, forms are sent out to all suppliers. 5. Maintenance of Approved Vendor List (Updated as and when there are new vendors). 6. Monthly review for lab test report (ROHS Dept.) + mill certificate/ inspection data (every incoming) validity for all material suppliers	1. Vendor assessment form / review 2. Payment method/ delivery terms 3. Vendor performance review 4. Procedures 5. Cost savings , KPI reviews
Regulators	Audits by the following bodies: 1. ISO 2. Department of Environment (DOE) 3. Department of Safety and Health Malaysia (DOSH) 4. Suruhanjaya Perkhidmatan Air Negara (SPAN)	1. Compliance with listing requirements
Shareholders	1. Quarterly announcements 2. Annual General Meeting 3. Corporate governance policies	1. Information shared through Bursa website. 2. Established our IR website which publishes our key policies. 3. Open Q&A session with shareholders during the AGM.

OUR MATERIALITY ASSESSMENT PROCESS (CONT'D.)

4. Prioritization of Material Sustainability Matters

BSL 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, BSL 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 BSL's journey towards identifying the material sustainability matters.

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 division

ECONOMIC

Economic scenario remains as our core element based on the market condition of the global influence. The company has taken great level of measures to identify the critical risk which influences the strategy of the company. By taking indispensable steps with the senior management and the board, we foresee to mitigate the risk elements. We also conduct periodic monthly and ad-hoc meetings with the head of department's on the business aspects to cater the market needs.

FINANCIAL SUSTAINABILITY

Our commitment to business excellence is focused on strong corporate governance and prudent financial management in view of challenging market environment. We strive to achieve the following financial goals:

- Maintain healthy turnover and positive operating cash flow
- Improve operation efficiency
- Diversify income generating sources
- Enhance and strengthen our core businesses

SUSTAINABILITY STATEMENT (CONT'D.)

CORPORATE GOVERNANCE AND COMPLIANCE

BSL strives to comply with the best practices of good governance, guided by the Malaysian Code on Corporate Governance, throughout its operations. The Group has established standard operating policies and procedures, discretionary authority levels, and guidelines for recruitment and human capital development amongst others. These policies, procedures and guidelines are subject to regular reviews, and have been communicated to all staff levels.

In relation to risk management and controls, the Group has put in place the following policies:

- Board Charter;
- Code of Conduct and Ethics;
- Code of Ethics;
- External Auditors' Assessment Policy; and
- Whistleblowing Policy.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in pages 33 of the Annual Report. Below are the selected critical segments:

- **CODE OF ETHICS AND CONDUCT**

  The Code of Ethics and Conduct adopted by the Board provide guidance to all the Directors and personnel within the Group in identifying and dealing with ethical issues, outlines mechanisms to report unethical conduct and helps foster an honesty and accountability working culture.

- **WHISTLE-BLOWER POLICY**

  The Whistle-blower Policy adopted by the Board serves to provide an effective mechanism for employees and other stakeholders of the Group to raise concerns regarding any illegal conduct or malpractice. The policy also allows such concerns to be raised without being subject to victimization, harassment or discriminatory treatment, and ensures that such concerns are properly channelled to the right party for further investigation.

- **OUR SUPPLY CHAIN**

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

- **COMMITMENT TO QUALITY**

  BSL has 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 in place to ensure that our processes remain in compliance and are continually enhanced.

  Our production and quality management system in the manufacturing plants are in compliance with regulatory requirements and are subjected to periodic review for certificates and licenses renewal.

EXCELLENCE
We continue to raise the bar in product and service excellence

- **COMMITMENT TO OURSELVES**

  At every level of our business, our people and teamwork is the key. When ideas are freely shared, we all benefit. This philosophy is at the heart of how we operate, and we never stop looking for ways to celebrate open communication with the pool of people we have, allowing them with opportunities to constantly inspire us with their creativity, innovation and commitment to excellence. Making sure our people have what they need to reach their full potential - a supportive culture, access to training and technology required, healthy working conditions, and more - is one of our most important goals. In the future, we plan to improve our knowledge and leverage research and development to improve our offerings, as well as wellbeing strategies to engage our employees. All of this leads us to deliver innovative products and increased value to our customers and stakeholders.

TEAMWORK
We work as a team, sharing our knowledge and experience to leverage best practices, and staying passionate in all that we do

- **COMMITMENT TO CUSTOMERS**

  We see our customers as more than just people who purchase our products; they are integral to everything we do at BSL. Their evolving needs and insights inspire us to improve our own performance. We are committed to delivering excellence and value in a way that not only meets our customers' needs - but exceeds them. BSL feels responsible for its customers as well as products and production processes.

CUSTOMER PASSION
We are customered-focused and passionate about delivering the customer WOW

CORPORATE GOVERNANCE AND COMPLIANCE (CONT'D.)

- **CUSTOMER SATISFACTION**

  Customer satisfaction and engagement are identified as one of the most important issues in the marketplace across all our divisions. Knowing exactly what customers expect from us will improve our bottom line and strengthen our brands and reputation in the long term. Our group has in placed customer satisfaction survey process to improve and enhance the supply chain management and logistics handling.

- **RISK MANAGEMENT**

  An integral part of good corporate governance, a comprehensive risk management framework enables BSL 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.

- **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. We also believe in providing a comfortable and conducive working environment for our employees.

ENVIRONMENT

BSL is committed to reduce the impact we make to our environment by minimizing our operational carbon footprint where possible. We promote the responsible use of resources and the importance of environmental protection among our employees and stakeholders.

At BSL, we recognize the potential environmental impacts of our operations and are committed to operate in a manner which minimizes the negative impact towards the environment.

COMPLIANCE

BSL is assessed yearly based on the ISO9001 & ISO14001 standards and any non-compliance noted will be addressed immediately. In addition, BSL also complies with Department of Environment ("DOE"), Department of Safety and Health Malaysia ("DOSH") and Suruhanjaya Perkhidmatan Air Negara ("SPAN") requirements and no major non-compliance were noted for the past years. Lean manufacturing can be practiced in many ways. For us to achieve a sustainable production, it means operating in an environmentally sustainable way. This philosophy guides us in principle as we strive to improve in all aspects of our operations by utilizing 'lean and green' thinking.

For the years ahead, we continue to set a target for our energy consumption as well as resources such as water and paper usage, as we continue to review our processes to find more sustainable ways of doing things.

- **EMISSIONS**

  Our operations do not produce any significant gas emission. The only emission noted are from our vehicles, forklifts and ovens (heat). We continue to avoid processes that emits harmful gases to the air.

- **WATER MANAGEMENT & CONSUMPTION**

  We promote the water saving practices among employees and adopt water efficient technologies and equipment wherever possible. We have taken small steps to control the water usage to be in line with the sustainability efforts, which includes:

  - Seeking out any water leakages
  - Conducting checks and fixing leaks immediately, where possible
  - Planned usage of rain water for toilets

  The data presented below is representative to consolidate the water consumption statistics.

Environment	2017 Units	2018 Units	2019 Units
Total Water Consumption	13,831	13,936	22,574

SUSTAINABILITY STATEMENT (CONT'D.)

COMPLIANCE (CONT'D.)

- ### ENERGY MANAGEMENT & CONSUMPTION

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, and we aim to minimize the energy usage in our head office by implementing the following efforts:

- A lighting schedule across key areas in our head office to switch off lights during certain hours of least use.
- Ensure machines and fans are switched off during non-operating hours.
- Maintenance and replacement of electrical equipment and light fittings to maximize energy efficiency
- Campaign to 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.

The table below shows the total electricity consumption in BSL's:

Environment	2017 kWh	2018 kWh	2019 kWh
Total Electricity Consumption	4,452,894	5,225,182	4,160,196

- ### WASTE MANAGEMENT

BSL 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. BSL is always mindful to reduce the usage of paper to further reduce waste.

We minimise production waste by:

- Training and retraining of our employees;
- Ensuring our manufacturing processes are stable, controlled and under close monitoring; and
- Machines, tools and equipment are well maintain and in good condition.

Generally the Group practises the following on the paper management initiatives:

- Reducing paper - to avoid any printing and photocopying, if possible, and encourage paperless and electronic modes of usage. In addition if printing or photocopying is necessary, then to practise double sided printing or reduce the paper size for economic reasons;
- Re-using one-sided printed papers - by printing on the other side of the printed papers; and
- Recycling papers - by having proper recycling bins.

BSL's nature of business also results in scheduled wastes such as used grease and oil, hydraulic oil, coolant and used gloves and rags. As such, BSL has a full time Competent Person (trained and qualified to manage scheduled waste) to handle the scheduled wastes to comply with all the necessary regulations.

STORAGE AND COLLECTION OF PRODUCTION WASTE AND RECYCLABLES

BSL has carried out some initiatives for storage and collection of production waste and recyclables. The initiative includes:

- Providing dedicated areas and storage bins for non-hazardous material for recycling during construction
- Designating a dedicated area where "on-site" sorted waste materials can be stored in a safe and contained manner while waiting for licensed contractor to collect for proper disposal.

SUSTAINABILITY STATEMENT (CONT'D.)

SOCIAL

Being sustainable encompasses an appreciation of the symbiotic relationship between ourselves and our communities. As such, playing an active role in engaging and giving back to our communities forms an integral part of the Group's sustainability. To appreciate and to give back to the society, starts from the employees. The following efforts are emphasised under the social aspect:

WORKPLACE

Our employees play a vital role in the success and sustainability of our Company. We strive to create a work environment that is conducive and supportive, as we continue to improve on our organisational structure, processes and employee mind set to help take us to greater heights.

- Safe, Healthy and Conducive Work Environment

BSL places great emphasis on safety and health aspects of its employees while maintaining a comfortable and conducive work environment through the following initiatives:

- The setting up of Occupational Safety and Health Committee to initiate various health and safety programmes to enhance employees' awareness in work place;
- Full time employment of a Safety Officer;
- Conducting quarterly safety and health audit;
- Ensuring a safe workplace with 24 hours' security surveillance;
- Constant updating and promoting the awareness of safety precautions and health issues;
- Yearly talk on fire safety and prevention and fire drill exercise;
- Employees are required to wear safety gears (PPE) at work place to minimize work injuries;
- Fogging/fumigation of work sites to prevent spreading of diseases by mosquitoes and rodents; and
- Maintaining a workplace that is free from theft, violence, harassment, intimidation and other unsafe and disruptive influences due to internal and external conditions.

	2017	2018	2019
No of accidents / injury cases (minor)	46	13	24

BSL is glad to report that we do not have incidents of major injuries and fatality.

- **TRAINING AND DEVELOPMENT**

  Employees are a vital component of the BSL's business. Their performance, commitment and loyalty to the job are critical not only in achieving the Group's goals and objectives but most important for its long-term survival and sustainability. In this respect, BSL continues to build and upgrade its employees to ensure that they can realize their full potential with the following efforts:

  - Engage in external training workshops for employees on both technical related skills and soft management skills;
  - Participate in external trainings and activities to broaden the knowledge base and exposure of its employees to keep abreast on new developments in their respective field of expertise;
  - New employees will participate in new employees' orientation as well as on-site visit to get clear insights into the Group's operations and its wide range of products;
  - Furthermore detailed competency tests were structured in each department to help new staff understand better the requirements of their respective roles.

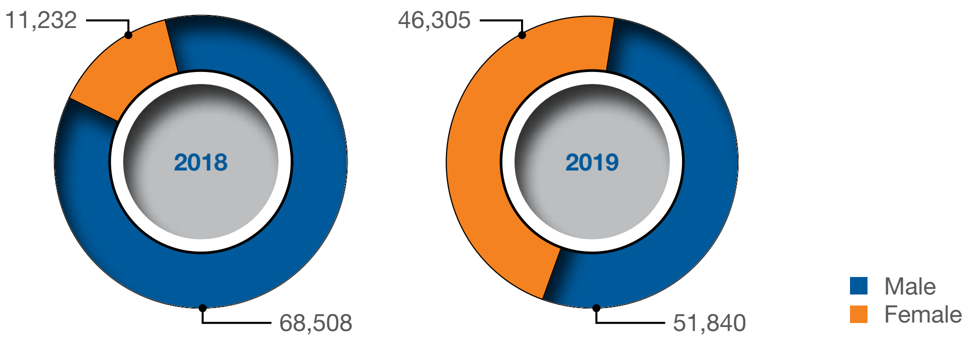
Gender	2018	2019
Male	68,508 hours	51,840 hours
Female	11,232 hours	46,305 hours

SUSTAINABILITY STATEMENT (CONT'D.)

WORKPLACE (CONT'D.)

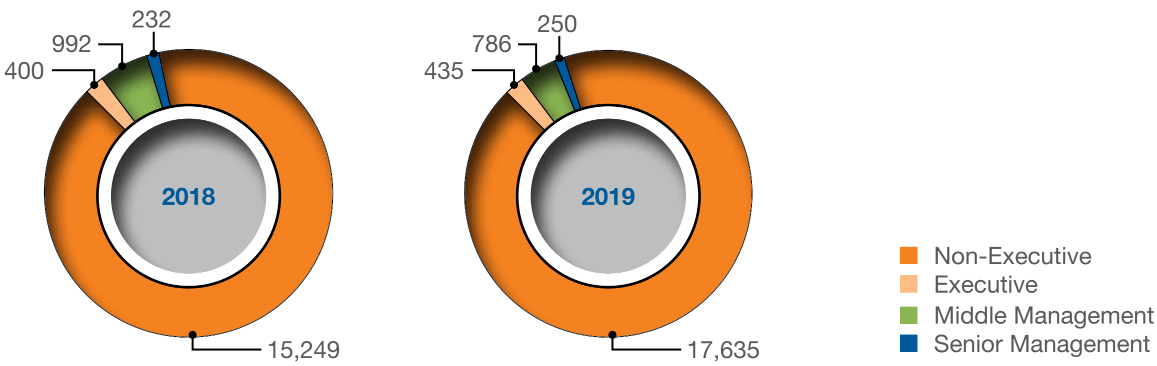
• TRAINING AND DEVELOPMENT (CONT'D.)

Training Hours by Gender



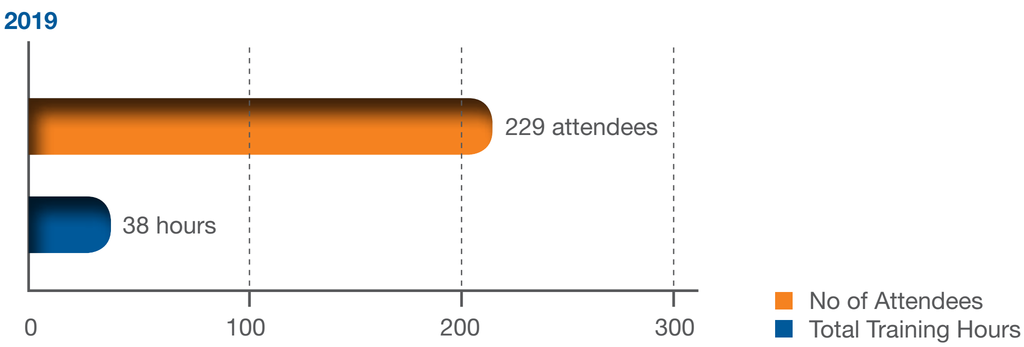
Employee Category	2018	2019
Non-Executive	15,249 hours	17,635 hours
Executive	400 hours	435 hours
Middle Management	992 hours	786 hours
Senior Management	232 hours	250 hours

Training Hours by Employee Category



Thematic Training – Safety and Health	2018	2019
Total Training Hours	64 hours	38 hours
No of Attendees	249	229

Thematic Training – Safety and Health



WORKPLACE (CONT'D.)

- ### CREATING A SUSTAINABLE WORKFORCE

Under our succession and talent management initiatives, a phase of talent profiling was successfully carried out where key staff were identified have been briefed on their areas of development and strengths that they should leverage on, in order to achieve their maximum potential.

A succession management programme to develop the next line of leaders is also in place. Higher learning programmes for leadership development, in particular, have been earmarked for the talent pipeline.

BSL has also stepped up its efforts to mobilize internal talents to fill up positions which fell vacant during the year under review. This was a conscious move to promote available vacancies internally and to deploy talents in suitable positions across the organization. This initiative offered growth opportunities to many employees.

- ### EMPLOYEE ENGAGEMENT

BSL provides various avenues for our staff to get together and forge a strong bond with each other. Celebrating successes and festivals together is also part of BSL's culture. For instance, BSL organises the yearly Chinese New Year, Hari Raya as well as Myanmar New Year for all of its staff.

- ### REWARDS AND PERFORMANCE MANAGEMENT

Formal and informal recognition have been put in place to ensure there are rewards for the motivation and sustenance of a harmonious working environment.

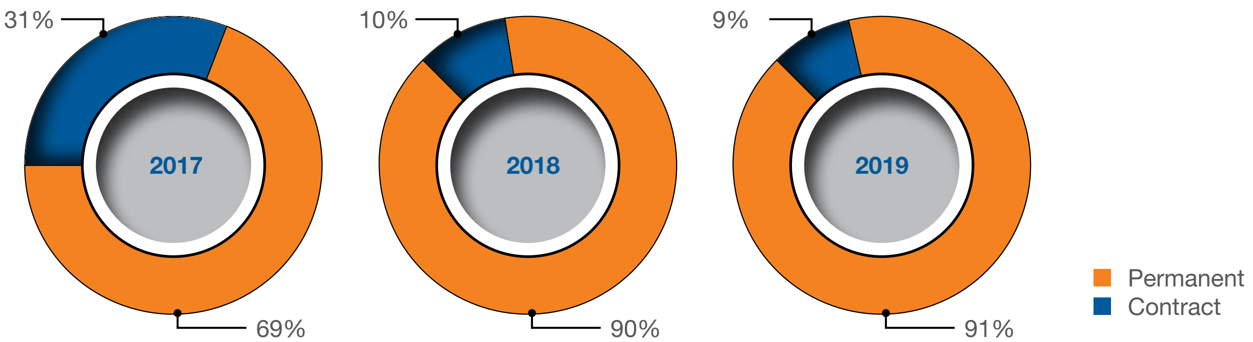
Quarterly rewards including monetary are handed out for recognising improvement and disciplinary work carried out at our work place.

- ### WORK LIFE BALANCE

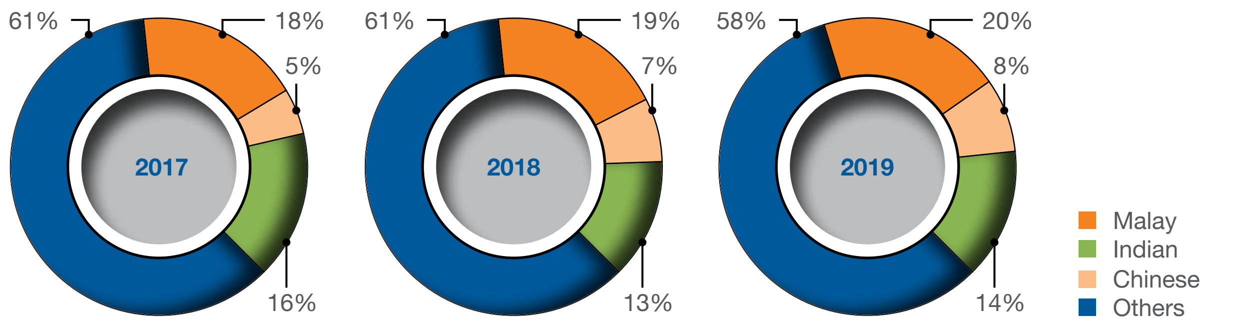
In line with our philosophy, BSL has instituted initiatives that encourage staff to lead a balanced lifestyle.

The following graphs are illustrated based on the social segment in the organisation.

Total Employees by Employment Contract



Breakdown of Total Employees by Race

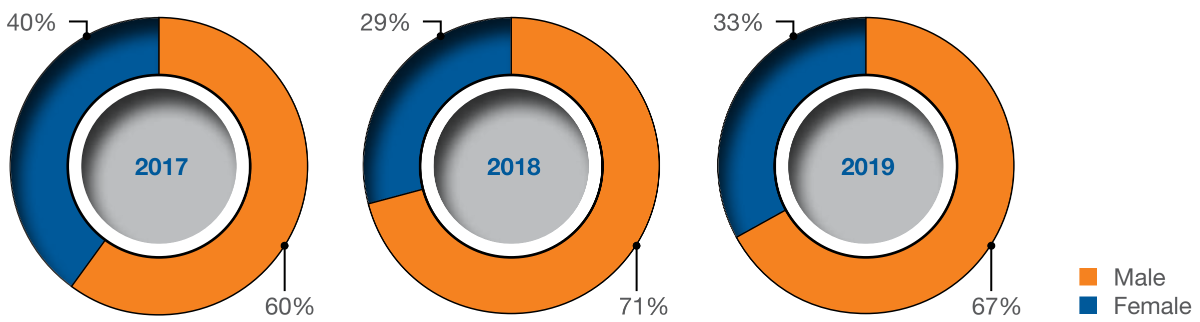


SUSTAINABILITY STATEMENT (CONT'D.)

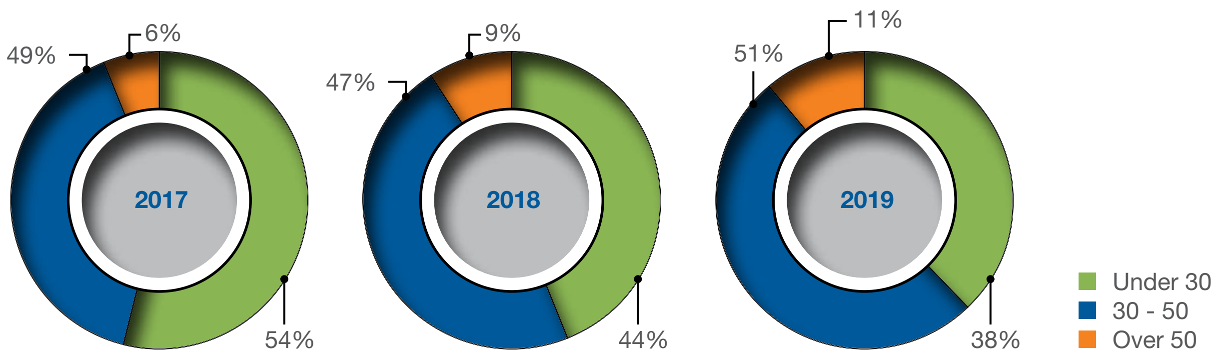
WORKPLACE (CONT'D.)

- **WORK LIFE BALANCE (CONT'D.)**

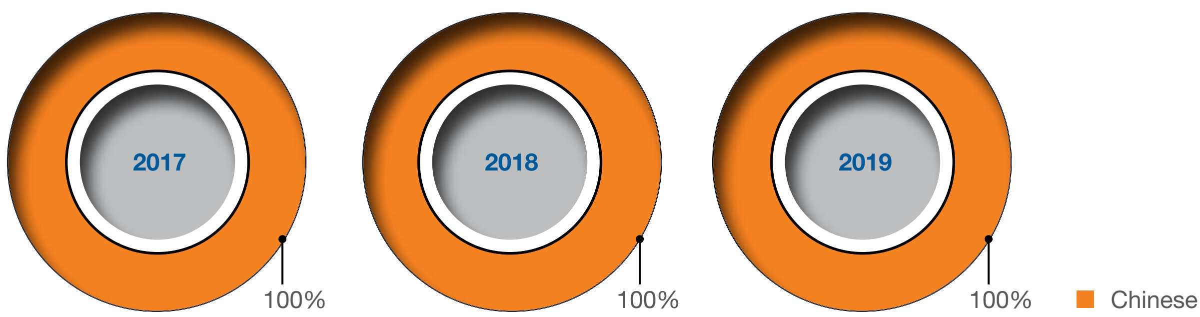
Breakdown of Total Employees by Gender



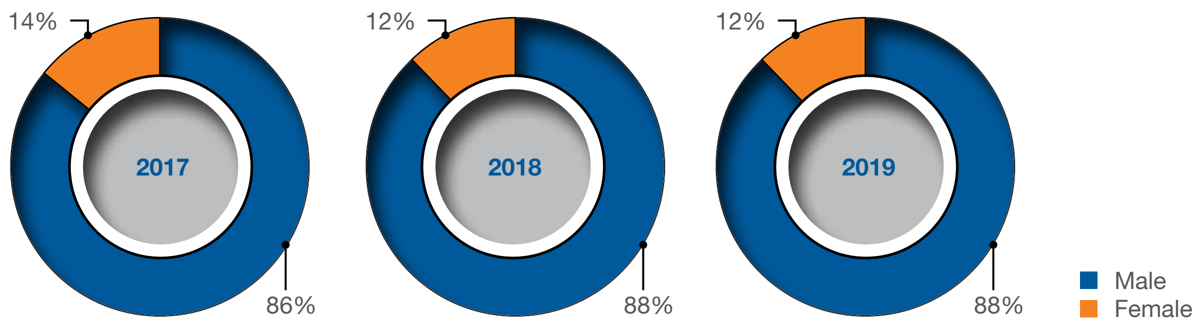
Breakdown of Total Employees by Age



Breakdown of Senior Management in Terms of Race



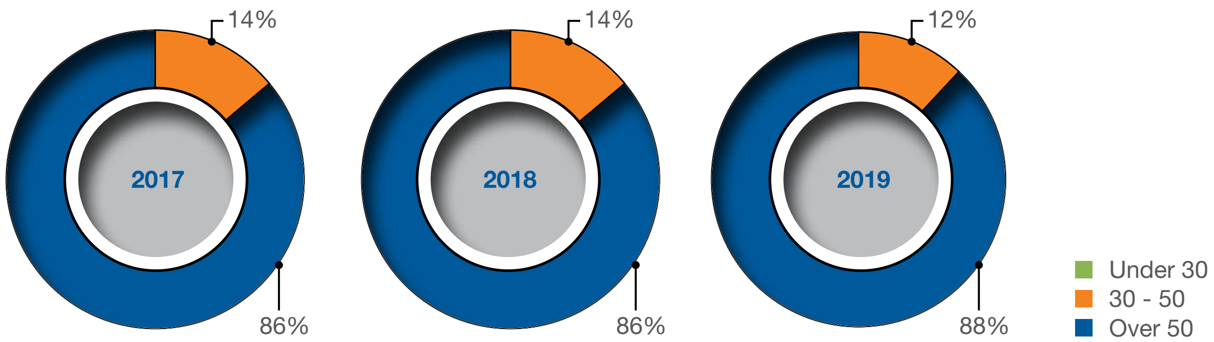
Breakdown of Senior Management in Terms of Gender



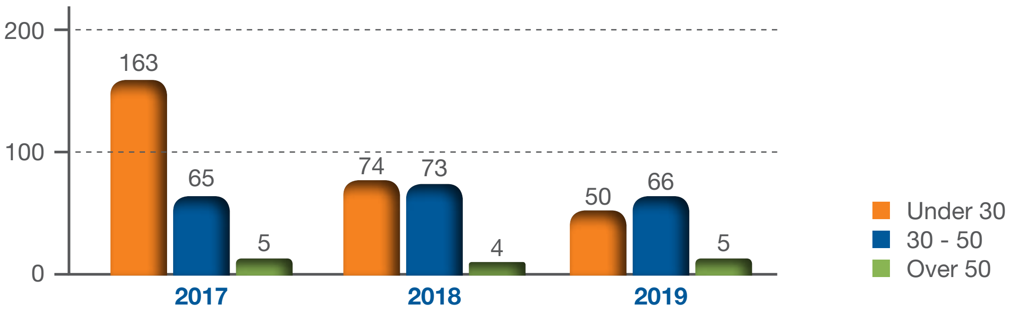
WORKPLACE (CONT'D.)

- **WORK LIFE BALANCE (CONT'D.)**

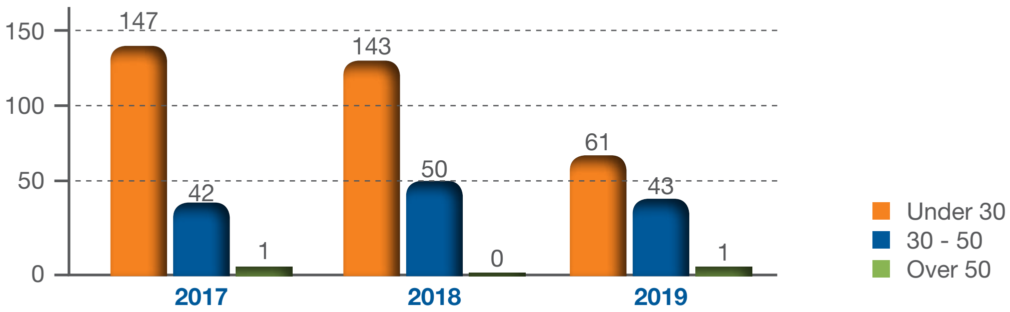
Breakdown of Senior Management in Terms of Age



Attrition by Age Group



New Hires By Age Group



MOVING FORWARD

This is our first Sustainability Statement, although we have made some development towards formalizing sustainability within our business, we recognize 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 & metrics, Stakeholder target & Indicators, Stakeholder Respondent and Integrating Sustainability to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

As we look to the future, it is our hope that we will continue to introduce new and exciting quality for our customers, enrich our local communities, create value for our stakeholders, and be an organization that people will be proud to associate.

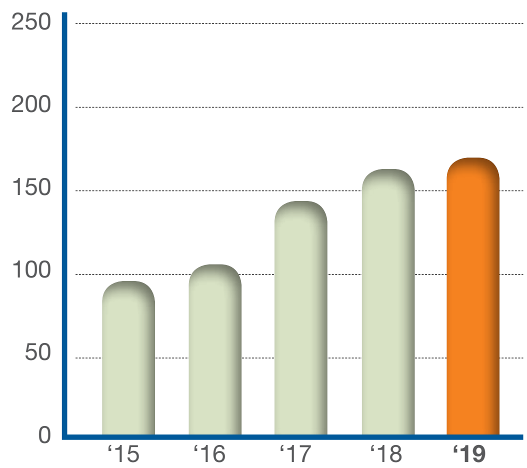
This Statement has been approved by the Board on 19 December 2019.

GROUP FINANCIAL HIGHLIGHTS

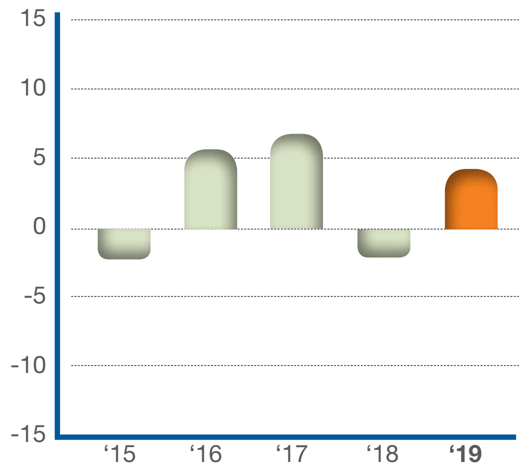
FIVE-YEARS PERFORMANCE HIGHLIGHTS

	2019 RM'000	2018 RM'000 Restated	2017 RM'000	2016 RM'000	2015 RM'000
Income					
Revenue	**159,647**	158,783	146,251	108,262	98,076
Profit / (Loss) Before Tax	**4,526**	(2,122)	6,484	5,182	(2,675)
Profit / (Loss) Attributable to Shareholders	**1,354**	(1,116)	3,202	4,761	(3,568)
Balance Sheet					
Total Assets	**154,811**	162,493	131,482	111,761	111,259
Shareholders' Funds	**108,670**	110,394	77,113	74,352	66,395
Paid-up Capital	**50,767**	49,000	49,000	49,000	49,000
Financial Ratios					
Return on Shareholders' Funds (%)	**1.25**	(1.01)	4.15	6.40	(5.37)
Earnings / (Loss) per Share (sen)	**1.40**	(1.15)	3.31	4.9	(3.7)
Net Assets per Share (sen)	**112.5**	114.2	79.8	76.9	68.6

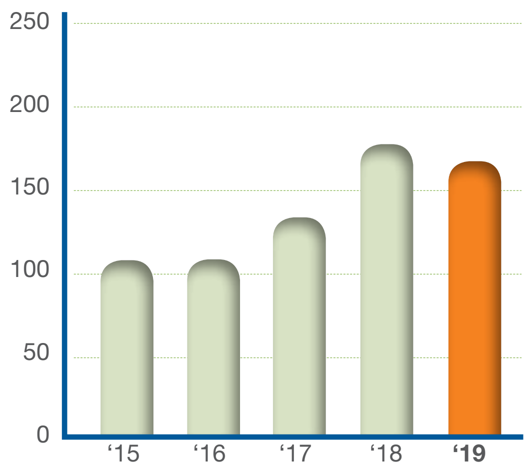
Revenue (RM'Million)



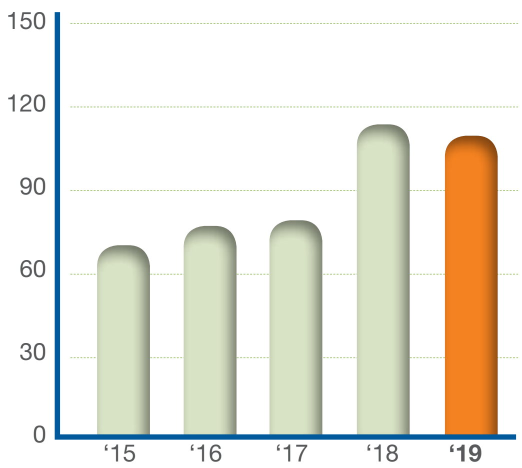
Profit / (Loss) Before Tax (RM'Million)



Total Assets (RM'Million)



Net Assets per Share (sen)



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (the "Board") of BSL Corporation Berhad ("the Company") recognises the importance of establishing and maintaining good corporate governance within the Group and is committed to such a mission.

Below is the Company's Corporate Governance overview statement of the Company's approach with respect to the Principles and Practices of the Malaysian Code on Corporate Governance ("the Code") and the Main Market Listing Requirements ("MMLR" or "Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The detailed application of each practice as set out in the Code is disclosed in the Corporate Governance Report, announced together with this Annual Report to Bursa Securities, and is available in the Company's website at www.bslcorp.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

Clear Functions of the Board and Management

The Company acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of its shareholders' value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals. The role and function of the Board, which includes the differing roles of Chairman, Chief Executive Officer ("CEO"), and Directors are clearly delineated and defined in the Board Charter.

The Management conducts the daily operation of the companies guided by internally developed KPIs and ISO 9001 and ISO 14001 principles. Meetings are conducted on monthly basis to review the KPIs results and to seek constant improvement. The Executive Directors then report to the Board on a quarterly basis.

All Board Committees have written terms of reference which are approved by the Board. The Chairman of the Audit and Risk Management Committee ("ARMC") , Nomination Committee and Remuneration Committee report to the Board subsequent to the respective committee meetings.

The CEO has executive responsibilities for the day-to-day operations of the Company's business and shall implement policies, strategies and decisions approved by the Board and shall be accountable for the management functions of the Company and/or Group and for the results and performance, including conduct and disciplines, which would include leadership by example.

Clear Roles and Responsibilities

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review and approve strategies, business plans and significant policies and ensure that the Group's goals are clearly established, and to monitor implementation and performance of the strategy, policies, plans, legal and fiduciary obligations that affect the business by adopting performance appraisal measures;

- The Management devise action plans in accordance to the business plan and works towards achieving the targets. Review meetings are carried out to track progress and identify gaps;

- Ensure a competent management by establishing policies for strengthening the performance of the Group with a view to proactively build the business through innovation, initiative, technology, new products and the development of its business capital;

- To evaluate whether the business is being properly managed and to ensure that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard the Company's assets; The Board analyses the financial results periodically and seek clarification on any anomaly. Besides explaining on the deviation, the Management also required to have rectification plans whenever necessary. Further meetings will be conducted to follow up on the effectiveness of the rectification plans;

- To ensure that the Group has appropriate business risk management process, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

- Establish various Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the various board committees and acting on their reports;

- Ensuring that the statutory accounts of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. **Board Responsibilities (Cont'd.)**

Clear Functions of the Board and Management (Cont'd.)

- Ensuring that there is in place an appropriate succession plan for members of the Board and senior management. The Board periodically reviews the status of succession of key positions. Whenever the need arises, the Board considers creating a deputy position to ensure continuity;

- Ensuring that the Group adheres to high standards of ethics and corporate behaviour including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice which among others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors responsibilities as a Board Member and to refrain from voting on such transaction with the Group; and

- Ensuring that there is in place an appropriate investor relations and communications policy. The Board recognises the need to keep shareholders informed on key or material development. Majority of the communication was done through announcements made to Bursa Securities. General information has been provided on the company's website and is constantly updated. Further important explanations such as condition of business, business direction, status of certain projects, etc are explained in the Management's Discussion and Analysis section in the Annual Report. AGM is held once a year and EGMs will be held whenever the needs arise.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and investment, consideration of significant financial matters and the review of the financial and operating performance of the Group. The schedule ensures that the governance of the Group is firmly in the Board's hand.

Formalised Ethical Standards through Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics which includes principles in relation to conflicts of interests, integrity, professionalism and the use of confidential information. The Board's Code of Conduct and Ethics is provided in the Board Charter, which is available on the Company's website at www.bslcorp.com.my.

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. To facilitate the observation and application of the above values, the Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance with regulatory requirements and other malpractices or misconducts.

The Group encourages employees who are facing conflicts to discuss accordingly with their superior to solve the matter in a peaceful manner. The Group CEO is always available to be contacted by any employees in regards to matters regarding any known corrupt practices, unethical behavior, misuse of company assets or any incompliance with rules and regulations.

The Group has an official policy on whistle blowing plus various adherences to Labour Law, Clean Procurement and Race and Religious impartiality stated in its Corporate Social Responsibility Policy. Both internal staff and external contractors/ suppliers are able to submit report anonymously of any wrong doings or breach. Reports can be submitted via emails and phone numbers stated in the policy and confidentiality are assured. The person in charge is the Chairman of the ARMC, Datuk Dr.Syed Muhamad Bin Syed Abdul Kadir whose contact detail is stated in the whistle blowing policy. The policy is published in the Company's website at www.bslcorp.com.my.

Access to Information and Advice

Generally, seven (7) days prior to the meetings of the Board and the Board Committees, the meetings' agenda together with previous meetings' minutes and other relevant qualitative and quantitative information were compiled into reports to be circulated to all members on a timely basis. The signed minutes are being kept in the minutes books. Management has been invited to the Board and Board Committees' meetings to report or present on areas within their responsibilities to ensure the members were able to effectively discharge their responsibilities. All Directors also have full and free access to information within the Group, as well as the prerogative to seek the Company Secretaries' and independent professional advice, in furtherance of their duties, at the expense of the Group, should such advisory services be considered necessary.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

1. Board Responsibilities (Cont'd.)

Company Secretary

Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries are qualified to act in accordance with the requirements of the Companies Act 2016. The Board is advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities as well as appropriate procedures for management of meetings. The Board is supported to ensure adherence to board policies and procedures, rules, relevant laws and best practices on the Code.

The Company Secretary also has undertaken the following functions, among others:

i. advise and remind the Directors of their obligations to disclose their interest in securities, any conflict of interest and related party transactions;
ii. advise the Directors of their duties and responsibilities;
iii. advise and remind the Directors on the prohibition on dealing in securities during closed period and the restriction on disclosure of price sensitive information;
iv. Prepare agenda items of meetings for Board and Board Committees and send to the respective Board and Board Committees; and
v. Attend all Board and Board Committees meetings and to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolution passes are made and maintained accordingly.

The Company Secretaries are suitably qualified and have attended relevant training and seminars to keep abreast with the statutory and regulatory requirements' updates.

Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the role and responsibilities of the Board. The details of the Board Charter are available for reference at www.bslcorp.com.my.

Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 18 December 2018 and would be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

2. Compositions, Independence and Diversity of the Board

Composition of the Board

The Board currently has seven (7) members; comprising four (4) Executive Directors and three (3) Independent Non-Executive Directors.

The concept of independence adopted by the Board is in tandem with the definition of an independent director as stated in Paragraph 1.01 of the MMLR. The key element for fulfilling the criteria is the appointment of an independent Director who is not a member of management and who is free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. The Company is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities that two directors or one-third (1/3) of the Board, whichever is the higher, are independent Directors. If the number of directors of the listed issuer is not 3 or a multiple or 3, then the number nearest 1/3 must be used.

The Directors with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The Executive Directors, are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors provide objective and independent judgement to decision making and serve as a capable check and balance for the Executive Directors. The brief profile of each Director is presented on pages 7 to 9 of the Annual Report.

The Code states that at least half of the board comprises Independent Directors. Although the current composition of the Board does not meet this best practice, the Board practices the need to inform and obtain perspectives and insights from the Independent Directors prior to executing any major decisions for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. Compositions, Independence and Diversity of the Board (Cont'd.)

Annual Assessment of Independence

The Board recognises the importance of independence and that the Board members are responsible to act in the best interest of the shareholders of the Company. In view thereof, the NC assesses annually the independence of the Company's independent directors based on the criteria which had been developed prior to the assessment of independence of the Independent Directors.

The NC and the Board have upon their annual assessment in year 2019, are of the view that all the three (3) Independent Non-Executive Directors of the Company continue to remain objective and independent in expressing their views and participating in deliberations and decision making of the Board and Board Committees and no individual or small group of individuals dominates the Board's decision-making process. All evaluations carried on the independence of the Independent Directors were tabled to the Board and are properly documented.

Tenure of Independent Directors

The Code recommends that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Company does not have term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs.

Shareholders' approval for the retention of Independent Directors who have served more than nine (9) years

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin were appointed to the Board as Independent Non-Executive Directors on 28 December 2006 and had served the Board for a cumulative term of more than nine (9) years. The NC had assessed their independence and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

i. they fulfilled the criteria of an Independent Director pursuant to MMLR of Bursa Securities;
ii. they are familiar with the Company's business operations as they have been with the Company for a period of more than nine (9) years;
iii. their long tenures with the Company have neither impaired nor compromised their independent judgement. They continue to remain objective and are able to exercise independent judgement in expressing their views and in participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
iv. they have exercised due care during their tenure as Independent Directors of the Company and carried out their duties in the interest of the Company and shareholders;
v. they have devoted sufficient time and commitment to attend the Company's meetings and discharge their duties and responsibilities as Independent Non-Executive Directors; and
vi. they do not have any business dealings with the Group.

Furthermore, Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir through his directorship in many other public listed and private companies, is able to share his advice on best practices as well as governance matters for the benefit of the Group. Ng Wai Pin with his legal background and directorship in local as well as overseas companies shares insights of various matters through his vast experience and exposure and continues to provide an objective judgement. To' Puan Rozana Bte Tan Sri Redzuan with her background in accounting as well as past experience in corporate exercises is able to ensure the Group is well aligned and fundamentally sound.

The Board is satisfied that the Independent Directors continue to bring along with them their core competencies, experience, integrity and skill sets to discharge their responsibilities independently and for the best interest of the Group despite having served for more than 9 years.

Based on the recommendation of NC, the Board was satisfied with the knowledge, contributions and independent judgements of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin. Hence, the Board recommended the retention of Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, To' Puan Rozana Bte Tan Sri Redzuan and Ng Wai Pin as Independent Non-Executive Directors of the Company, which will be tabled for shareholders' approval at the forthcoming Sixteenth (16th) AGM.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

2. Compositions, Independence and Diversity of the Board (Cont'd.)

Separation of Positions of the Chairman and CEO

There is a clear division of responsibilities between the Chairman and the CEO to ensure a balance of authority and power. The Board is led by Ngiam Tong Kwan as the Executive Chairman and the executive management is led by Ngiam Tee Wee, the CEO.

The role of the Chairman and the CEO are clearly defined in the Board Charter. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient information on financial and non-financial matters to enable them to participate actively in Board deliberations and decisions making process. Although the Chairman of the Board is not an Independent Non-Executive Director, he is primarily responsible for the orderly conduct and effective function of the Board. The CEO is responsible for the day-to-day management of the business as well as implementation of the Board's policies and decisions.

3. Board Committees

Nomination Committee ("NC")

The NC assists the Board in proposing new nominees for appointment to the Board of the Company, assessing the effectiveness of Directors on an ongoing basis, and reviews the effectiveness of the CEO and Executive Directors. The NC also reviews and recommends training and orientation needs/requirements for each individual Director and ensures the same are fulfilled accordingly.

The NC is appointed by the Board and consists entirely of Independent Non-Executive Directors. It comprises the following members:-

i. Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir - Chairman, Senior Independent Non-Executive Director
ii. To' Puan Rozana Bte Tan Sri Redzuan - Independent Non-Executive Director
iii. Ng Wai Pin - Independent Non-Executive Director

Among others, the duties and responsibilities of the NC are as follows:-

i. To develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors.
ii. To evaluate the re-appointment of any Non-Executive Director at the conclusion of their specific term of office.
iii. To regularly review the structure, size and composition (including skills, knowledge, experiences) of the Board and make recommendations to the Board with regard to any change.

Members of the NC may relinquish their membership in the NC with prior written notice to the Company Secretaries, and in which case, the NC will review and recommend to the Board for approval, another Director to fill the vacancy.

The Term of Reference of the NC is included in the Board Charter and available on the Company's website at www.bslcorp.com.my.

The NC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The NC is also authorised to seek independent professional advice, subject to the approval of the Board, at the expense of the Company, in carrying out its duties. However, the NC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

The NC will meet at any time when the need arises. The presence of the majority of the Independent Non-Executive Directors shall form the quorum of the meeting. There was one (1) NC meeting held during the financial year, which details of Committees' attendance set out below:

Nomination Committee	Designation	Attendance
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	Chairman	1/1
Ng Wai Pin	Member	1/1
To' Puan Rozana Bte Tan Sri Redzuan	Member	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. Board Committees

Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

a. Recruitment or New Appointment of Directors

The NC recommends to the Board, candidates for all directorships and to review the Board's policies and procedures for the selection of Board members. In making the recommendations, the NC should also consider candidates proposed by the Chairman/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. In making its recommendations, the NC shall assess and consider the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his/her role as a director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity, ethnicity diversity, age group diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors.

New Directors are provided with comprehensive information on the Group to enable them to gain a better understanding of the Group's strategies and operations, and hence allow them to effectively contribute to the Board. The NC will ensure that a formal orientation program is in place for future new recruits to the Board.

b. Gender, Ethnicity and Age Group Diversity Policy

The Board noted the Code recommended the establishment of boardroom gender diversity and company to take steps to ensure that women candidates are sought in its recruitment exercise for both board and senior management positions. The Board does not have a specific policy on gender, ethnicity and age group for candidates to be appointed to the Board and senior management level. The Company does not practice any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Company. In identifying suitable candidates for appointment to the Board and senior management level, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board and senior management level. Currently, there is one female director on the Board.

c. Annual Assessment

The NC had on 19 December 2019 reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including core competencies of the Directors, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the Directors eligible for re-election.

Self and peer evaluations had been conducted by each Individual Director and Independent Director and a summary of the evaluations was furnished to the NC prior to the NC meeting. The evaluations of the Board Committees, Independent Directors and the individual Directors produced positive results on the performance of the Board and each director.

Remuneration Committee ("RC")

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programs with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities.

The RC shall be appointed by the Board and should only consist of non-executive directors and a majority of them must be independent directors as recommended by the Code. The members of the RC during the financial year are:-

i. Ngiam Tong Kwan - Executive Chairman;
ii. To' Puan Rozana Bte Tan Sri Redzuan - Independent Non-Executive Director; and
iii. Ng Wai Pin - Independent Non-Executive Director.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. Board Committees (Cont'd.)

Remuneration Committee ("RC") (Cont'd.)

There was one (1) remuneration meeting held during the financial year with details of Committee's attendance set out below:

Remuneration Committee	Designation	Attendance
Ngiam Tong Kwan	Chairman	1/1
To' Puan Rozana Bte Tan Sri Redzuan	Member	1/1
Ng Wai Pin	Member	1/1

The remuneration package of each individual Executive Director and Senior Management is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors is in the form of annual fees and reflects the experience and the level of responsibilities undertaken by the Non-Executive Director concerned. In addition, the Directors are also entitled with meeting allowances based on their attendance of meeting.

The RC has full, free and unrestricted access to the Company's records, properties and personnel in carrying out its duties and responsibilities. The RC is not authorised to implement its own recommendations but reports the same to the Board for the latter's consideration, approval and implementation.

Directors who are shareholders should abstain from voting at general meetings to approve their fees and/or benefits. Similarly, Executive Directors shall abstain from the deliberation and voting on decisions in respect of their own remuneration package which comprise monthly salary, bonuses, benefits-in-kind and other benefits. Executive Directors are not entitled to meetings allowance for the Board and Committee meetings that he attended. In the event where the Chairman's remuneration is to be decided, he stall abstain from discussion and voting. The remuneration and entitlements of Non-Executive Directors should be endorsed by the Board for the approval by the shareholders at general meeting. The individuals concerned should abstain from discussions pertaining to their own remuneration.

The activities of the RC are developed from year to year by the Committee in consultation with the Board.

The aggregate remuneration of Directors received from the Company and it's subsidiary companies for the financial year ended 31 August, 2019 are set out as below:

Name of Director	Salaries	Fees	Bonus	Other emolument	Benefit-in-kind	Total
Company						
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	-	46,000	-	1,500	-	47,500
Ngiam Tong Kwan	-	30,000	-	-	-	30,000
Ngiam Tee Wee	-	52,600	-	-	-	52,600
Ngiam Tee Yang	-	30,000	-	-	-	30,000
Teh Yoon Loy	-	25,000	-	-	-	25,000
Ng Wai Pin	-	41,200	-	1,500	-	42,700
To' Puan Rozana Bte Tan Sri Redzuan	-	41,200	-	1,500	-	42,700
Subtotal	**-**	**266,000**	**-**	**4,500**	**-**	**270,500**
Subsidiaries						
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	-	-	-	-	-	-
Ngiam Tong Kwan	306,000	-	30,800	20,943	-	357,743
Ngiam Tee Wee	264,000	-	30,800	35,376	21,250	351,426
Ngiam Tee Yang	195,000	-	-	23,472	1,800	220,272
Teh Yoon Loy	204,000	-	28,800	20,196	10,000	262,996
Ng Wai Pin	-	-	-	-	-	-
To' Puan Rozana Bte Tan Sri Redzuan	-	-	-	-	-	-
Subtotal	**969,000**	**-**	**90,400**	**99,987**	**33,050**	**1,192,437**
Grand total:	**969,000**	**266,000**	**90,400**	**104,487**	**33,050**	**1,462,937**

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. Board Committees (Cont'd.)

Remuneration Committee ("RC") (Cont'd.)

The RC would meet and review and recommend to the Board, the remuneration package for the Chairman, CEO and Executive Directors of the Company, Directors' fees as well as Directors' benefits. The fees of the Non-Executive Directors shall be determined by the Board as a whole where each individual Director abstains from discussions pertaining to his/her own fees. The Board has endorsed the recommendation by RC on the remuneration package for Executive Directors and further recommended the directors' fees and benefits to the shareholders for approval at the Company's forthcoming 16th Annual General Meeting ("AGM").

The Code also recommended the Board to disclose on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. However, the Board are of the view that this disclosure if disadvantageous to the Company as it could potentially give rise to security concerns, staff poaching by competitors and conflict between staffs. As an alternative for this disclosure, the Board views that the aggregate remunerations of the top five senior management's remuneration is suffice as follows:

	Total			
	Salary, EPF and bonuses	Other	Benefit-in-kind	Total
Top five senior management	1,016,313	60,040	12,300	1,088,653

Board meetings

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on five (5) occasions; where it deliberated on matters such as the Group's financial results, major investments and strategic decisions, its business plan, corporate finance and developments and the strategic direction of the Group among others.

The Board is in compliance with Paragraph 15.06 of the MMLR of Bursa Securities on the restriction on the number of directorships in listed companies held by the Directors where none of the Company Directors holds more than five (5) directorships in Malaysian public listed companies. All Directors have complied with the minimum 50% attendance as stipulated by Paragraph 15.05(3)(c) of the MMLR of Bursa Securities and the Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting for the financial year ended 31 August 2019 is contained in the table below:

Number of Board of Directors' Meetings		
Board of Directors	**Designation**	**Attendance**
Ngiam Tong Kwan	Chairman	5/5
Ngiam Tee Wee	Member	5/5
Ngiam Tee Yang	Member	5/5
Teh Yoon Loy	Member	5/5
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	Member	5/5
To' Puan Rozana Bte Tan Sri Redzuan	Member	5/5
Ng Wai Pin	Member	5/5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D.)

3. Board Committees (Cont'd.)

Directors' Training

All Directors of the Company have attended the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad ("BMSB"). Details of trainings/seminars/forums attended by the Directors during the financial year are as follows:

Name of Directors	Title of Training/Seminar/Forum	Duration
Ngiam Tong Kwan	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
Ngiam Tee Wee	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
	- Negotiate to win masterclass	2 days
Ngiam Tee Yang	- The True Value of Business Continuity	1/2 day
Teh Yoon Loy	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
To'Puan Rozana Bte Tan Sri Redzuan	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
	- Internal audit for Board and Audit Committee	1 day
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	- Khazanah Megatrends Forum 2018	2 days
	- Directors training on Blockchain and Distributed Ledger Technologies	1 day
	- FIDE Forum: Dinner talk with Dr. Marshall Goldsmith in conjunction with the launch of FIDE Forum's "DNA of a Board Leader"	1 day
	- Speaking on Development of Insurance Law in Malaysia	1 day
	- Speaking on Kepentingan Insurans Hayat & Kesihatan kepada Kakitangan Berkanun	1 day
	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
	- Forum on "2nd Distinguished Board Leadership Series: Rethinking Strategy": by Prof Anil K. Gupta	1 day
	- Talk on "CG Watch: How does Malaysia Rank?"	1 day
	- Bursa Advocacy on Diversity by Robert Ford "Demystifying the Diversity Conundrum: The Road to Business Excellence"	1 day
	- Financial Industry Conference (FIC) 2019	1 day
	- Independent Directors Programme: The Essence of Independence	1 day
	- 2nd PIDM - FIDE Forum Annual Dialogue with the CEO of PIDM to discuss key issues on deposit insurance and a strategic overview of PIDM's evolution and future plans	1 day
	- FIDE Forum on "3rd Distinguished Board Leadership Series: Artificial Intelligence and its role in Fis" by Ms.Clara Durodie	1 day
	- FIDE forum - ISRA Program - "Value Based Intermediation: Director's Role"	1 day
Ng Wai Pin	-Tricor in-house corporate training programme on latest amendments to Listing Requirements, roles and responsibilities of Directors, Board and Board Committee under the Listing Requirements and MCCG and common breaches of Listing Requirements.	1 day
	- Invest Malaysia Tokyo	2 days
	- Invest Malaysia, The Capital Market Forum	2 days
	- CLSA Malaysia Small Cap Access Day	1 day
	- Semicon West	2 days
	- ESG Seminar for FTSE4Good Bursa Malaysia Index	1 day

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D.)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit and Risk Management Committee ("ARMC")

The ARMC comprises of three (3) members, all of whom are Independent Non-Executive Directors of which the terms of reference was approved by the Board and a copy of the terms of reference can be found in the Board Charter which is available on the Company website at www.bslcorp.com.my. To ensure the overall effectiveness and independence of the ARMC, the positions of the Chairman of the Board and Chairman of the ARMC are held by different persons.

The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements. A Statement by the Board of its responsibilities (Directors' Responsibility Statement) in respect of the preparation of the annual audited financial statements is set out on page 50 of this Annual Report.

Through the annual audited financial statements, the quarterly financial results as well as the Chairman's statement and review of operations in the Annual Report, the Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects.

The ARMC oversees and appraises the quality of the audits conducted by the Company's external auditors; maintain open lines of communication between the Board and external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and assess the adequacy of the risk management systems and internal control environment as well as the financial reporting systems based on audit feedback from the external auditors. The representatives of Messrs Mazars PLT were invited to the ARMC meetings to present annual audit findings for the respective reporting period specifically on financial matters and the integrity of systems that relate to financial aspects of the Company from time to time. Key features underlying the relationship between the ARMC and the external auditors are included in the ARMC's Report as detailed on pages 48 to 49 of the Annual Report.

The Company has a policy that requires former key audit partner of the external auditors to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC. Presently, no former key audit partner is appointed as a member of the ARMC.

The ARMC assisted by the management, had on 19 December 2019 undertaken an annual assessment of the suitability and independence of the External Auditors. The assessment of the External Auditor was conducted by completing personalised evaluation form. The factors considered by the ARMC in its assessment include, adequacy of professionalism and experience of the staff, the resources of the external auditors, the fees and the independence of and the level of non-audit services rendered to the Group. The ARMC has assessed and is satisfied with the suitability and the written confirmation provided by the external auditors that they had complied with the ethical requirements regarding independence and objectivity with respect to the audit of the Group in accordance with all relevant professional and regulatory requirements. The ARMC has recommended to the Board the re-appointment of Messrs Mazars PLT as the External Auditors for the financial year ending 31 August 2020, upon which the shareholders' approval will be sought at the forthcoming Sixteenth (16^{th}) AGM. The external auditors had attended the Company's Fifteenth AGM to provide its report to the shareholders and attended to the issues raised on the conduct of the statutory audit and the preparation as well as the content of their audit report. The External Auditors also may provide certain non-audit services. The ARMC will ensure that provision of these services do not compromise the External Auditors' independence.

The total fees paid to the External Auditors for the financial year ended 31 August 2019 are as follows:

1. Audit Fees

   The total audit fees (including both statutory and non-statutory audits) charged by the External Auditors for the financial year ended 31 August 2019 exclusive of expenses and applicable taxes, was amounted to RM171,368.

2. Non-audit Fees

   The total non-audit fees charged by the External Auditors for other services performed for the financial year ended 31 August 2019, exclusive of expenses and applicable taxes, was amounted to RM5,000.00.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D.)

2. Risk Management and Internal Control

The Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through meeting held during the financial year. Kindly refer to pages 45 to 47 of the Annual Report on the Statement on Risk Management and Internal Control for more information.

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

1. Communication with Stakeholders

The Board acknowledges the importance of accountability and timely communications with its shareholders and stakeholders and recognizes their rights to be well informed on the activities and performance of the Group and to make their own evaluation and investment decision. The Board would ensure compliance with the disclosure requirements as set out in the MMLR of Bursa Securities at all time. The Annual Report and announcements in Bursa Securities remains the principal form of communication by providing shareholders and stakeholders with an overview of the Group's activities and performances. The Company dispatches its Annual Report to shareholders within the stipulated time. All information to shareholders is available electronically as soon as it is announced or published. Other modes of communications are via the Annual General Meeting as well as the Group's website at www.bslcorp.com.my.

2. Conduct of General Meeting

The Annual General Meeting ("AGM") and any other general meeting are the principal forum for dialogue with the shareholders. Shareholders are notified of the meetings and provided with the Company's Annual Report and Circular/ Statement to shareholders (if any) at least twenty-eight (28) days prior to the scheduled AGM and any other general meetings, unless otherwise required by laws, in order to provide sufficient time to shareholders to understand and evaluate the matters involved as well as to make necessary arrangements to attend, participate and vote either in person, by corporate representative, by proxy or by attorney, to exercise their ownership rights on an informed basis during the AGM and any other general meeting. Opportunity is given to the shareholders to ask questions pertaining to the resolutions being proposed and seek clarification on the business and performance of the Group.

At the previous AGM, the Directors were present in person to engage directly with the shareholders. The Chairman invited shareholders to raise questions before putting the resolutions to vote. The Directors, management and external auditors were in attendance to respond to the shareholders' queries.

Shareholders are entitled to appoint proxy/proxies to vote on their behalf in their absences. All resolutions set out in the notice of AGM and any other general meetings will be voted by poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll. The Scrutineers confirms the results for each resolution which include votes in favour and against and the results of the poll will be announced by the Chairman. The outcome of AGM and any other general meeting will be announced to Bursa Securities via Bursa Link on the same day the general meeting is held. Board members are also available before and after these general meeting for informal discussion.

OTHER COMPLIANCE INFORMATION

A. UTILIZATION OF PROCEEDS

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

B. SANCTIONS AND / OR PENALTIES

Save as disclosed below, there were no material sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies:

i. On 19 December 2014, Crestronics (M) Sdn. Bhd. ("CMSB"), a wholly owned subsidiary of the Company received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentations to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statement (Note 25/37(b)). The remaining balance of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

   On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15th September 2015, the authority rejected the appeal with no specific reason mentioned.

   On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the authority that the appeal against the bills of demand has been rejected and further appeal will not be considered.

   On 30 January 2018, CMSB appealed to the Minister of Finance but was rejected once more on 10 April 2018 with no specific reason mentioned.

   CMSB, through its solicitor, filed in an application for a Judicial Review on 5 July 2018 to challenge the Minister of Finance's decision dated 10 April 2018 of rejecting CMSB's application for remission of customs duties and sales tax. On 19 September 2018, the Shah Alam High Court approved the Judicial Review application and granted an interim stay of enforcement of the bills of demand until the disposal of the inter-partes hearing. At the hearing on 21 May 2019, the Shah Alam High Court had fixed the decision date on 9 July 2019. Subsequent to a few adjournments, the decision date is now fixed on 6 January 2020.

C. NON-AUDIT FEES

There were non-audit fees of RM5,000 paid to the External Auditors during the financial year ended 31 August 2019.

D. MATERIAL CONTRACTS OR LOANS

There were no material contract entered into by the Company which involved Directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 August 2019 or, if not then subsisting, entered into since the end of the previous financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors (“Board”) of listed companies to establish a sound risk management and internal control system to safeguard shareholders’ investment and assets of BSL Corporation Berhad and it’s subsidiary companies (“the Group”). Under Paragraph 15.26(b) of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, the Board of listed companies is required to produce a statement on the state of the Group’s internal control as a group in their Annual Report. In this regards, the Board is pleased to set out below the statement on risk management and internal control for the Group. Associated company and joint venture are excluded from this statement as the Group does not have full management and control of them.

BOARD’S RESPONSIBILITY

The Board has overall responsibility for the Group’s system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board’s policies on risk and control.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal controls can only provide reasonable and no absolute assurance against material misstatement or loss.

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

INTERNAL AUDIT FUNCTION

The Group had outsourced its internal audit function to an independent party who assists the Audit Committee as well as the Board in discharging their responsibilities by providing an independent, objective assurance and advisory services that add value and improve the operations by:

- Ensuring existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- Ensuring adequacy and effectiveness of internal control systems for safeguarding of assets, providing consistent, accurate financial and operational data;
- Promoting risk awareness and the value and nature of an effective internal control system;
- Ensuring compliance with laws, regulations, corporate policies and procedures; and
- Assisting management in accomplishing its objectives by adopting a systematic and disciplined audit approach to evaluating and improving the effectiveness of risk management, control and governance processes within the companies’ operations.

The internal auditors conducted review on the Group’s system of internal controls in a systematic and cyclic basis and on selected business processes. The Internal Auditors tabled the results of their review to the Audit Committee at Audit Committee meetings on a quarterly basis.

During the financial year ended 31 August 2019, the reviews covered the following areas:

- Invoicing process, particularly on the policy and procedures in place and testing of operating controls.
- Licensed Manufacturing Warehouse (“LMW”) and sales and service tax (‘SST”) management covering the scope of documentation compliance and effectiveness of operating controls.
- Occupational health & safety management system, particularly on the relevant policy and procedures, adequacy of OHSAS committee meetings, effectiveness and efficiencies of the safety training carried out, adequacy of the emergency response procedures, machine maintenance and insurance coverage.
- Warehouse and inventory management, particularly on the existence of a proper policy and procedures on warehouse and inventory management, measures on quality control over the inventories, material transfer processes, physical stock count process as well as safeguarding of inventories.

The Audit Committee had reviewed the Internal Auditors’ findings and recommendations, management response and proposed action plans as well as presented its findings and recommendations to the Board. Follow up reviews on previous audit issues are carried out in order to ensure that the recommendations made by the Internal Auditors are adopted accordingly.

In addition, the Internal Auditors also presents their Audit Plan for the financial year prior to commencement which details the key areas to audit for the Audit Committee to approve.

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

KEY ELEMENTS OF INTERNAL CONTROLS

The key elements of the Group's internal control system are described below:

- **Organisation structure**
  The Board has in place an organization structure with well-defined delegation of responsibilities and accountabilities within the Group's senior management. The roles and responsibilities are clearly established in the respective job description list in order to enhance the internal control system of the Group's various operations;

- **Board committee**
  Board Committees such as Audit Committee, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Audit Committee meets at least four (4) times a year and reviews the effectiveness of the Group's system of internal control and risk management. The Audit Committee meets with the internal auditors and external auditors to review their reports whilst assessing the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope.

- **Control activities**
  The Group continuously reviews and updates its policies, procedures and standards in accordance with changes in the operation environment.

- **Management meetings**
  Regular Management meetings are held to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances for each operating unit and regular visit by the Senior Personnel or Management team to each operating unit as an when necessary.

- **Ongoing training**
  As and when necessary, provision of staff training and development programs to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively.

- **Hands on approach**
  Close involvement of the Executive Directors of the Group in its daily operations.

- **Related party transactions monitoring**
  Related party transactions are disclosed, reviewed and monitored by the Audit Committee on a periodic basis.

The existing system of internal control has been in place for the financial year under review.

RISK MANAGEMENT

The Board ensures that there is an on-going process of identifying, evaluating and managing the significant risks via the examination of principal business risks in critical areas, assessing the likelihood of material exposures and the identification of measures taken to mitigate, avoid or reduce these risks are undertaken by the Executive Directors and senior management through regular meetings held throughout the financial year.

The Group has also carried out risk assessment exercise for its main operating subsidiary on a yearly basis. The risk assessment exercise involves Head of Departments who identifies the risk relevant to their respective department and the countermeasures. Based on this exercise, a risk register is compiled which indicates the key risks affecting the Group and the relevant countermeasures. The Audit and Risk Management committee were briefed on the updates of the risk register and new risk identified with its mitigation plans on 9 October 2019.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The External Auditors have performed limited assurance procedures on 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 Malaysia Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 August 2019, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, not is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement in Risk Management and Internal Control covers all risk and controls, or to form an opinion in the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Statement.

CONCLUSION

The Board is of the view that the risk management and internal controls practices and processes in place for the financial year under review and up to date of issuance of the financial statements are sound and adequate to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's internal controls that would require separate disclosure in this Annual Report.

The Chief Executive Officer and Chief Financial Officer had provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The audit and risk management committee currently comprises the following Directors:

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
Chairman, Independent Non-Executive Director

To'Puan Rozana Bte Tan Sri Redzuan
Member, Independent Non-Executive Director

Ng Wai Pin
Member, Independent Non-Executive Director

TERMS OF REFERENCE

The details of the Term of Reference of the Audit and Risk Management Committee is available for reference in the Company's website at www.bslcorp.com.my.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the financial year ended 31 August 2019, the Audit and Risk Management Committee held five (5) meetings and the attendance record is as follows:

Name of Audit and Risk Management Committee members	Number of meetings attended
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir - Chairman	5 / 5
To' Puan Rozana Bte Tan Sri Redzuan	5 / 5
Ng Wai Pin	5 / 5

The following activities were carried out by the Audit and Risk Management Committee ("ARMC") during the financial year ended 31 August 2019:

1. At the ARMC meeting held in October 2018, the ARMC had

   i. Reviewed and discussed the internal audit conducted on the invoicing cycle in respect of the subsidiaries Ban Seng Lee Industries Sdn. Bhd. and Crestronics (M) Sdn. Bhd.. The AC discussed the associated business risk, findings and recommendation on actions to be taken for improvement;
   ii. Reviewed and discussed with Management on the status of the Custom's Bills of Demand;
   iii. Reviewed and recommended to the Board the fourth quarter results for the period ended 31 August 2018;
   iv. Reviewed the recurrent related party transactions and noted the transaction was within the threshold;
   v. Reviewed the updated External Auditor Assessment Policy; and
   vi. Reviewed and discussed with the External Auditors on the progress of the audit for the Group for the financial year ended 31 August 2018.

2. At the ARMC meeting held in December 2018, the ARMC had

   i. Reviewed and discussed with the External Auditors on the progress of the audit for the Group for the financial year ended 31 August 2018;
   ii. Reviewed and discussed with Management on the status of the Custom's Bills of Demand;
   iii. Reviewed the Statement on Risk Management and Internal Control, the Audit Committee Report and the statement to shareholders for the renewal of share buy-back;
   iv. Reviewed the Audited Financial Statements for the financial year ended 31 August 2018;
   v. Evaluated the performance and independence of the external auditor. After taking into consideration the independence, competence, service of the auditing team, scope of audit and audit fee of the External Auditors, the AC had recommended to the Board for further recommendation to the Shareholders for approval for the re-appointment of Messrs Mazars PLT as external auditor of the Group; and
   vi. Conducted a private discussion session with the External Auditors without the presence of the Executive Directors, management and Company Secretary.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONT 'D.)

3. At the ARMC meeting held in January 2019, the ARMC had

    i. Reviewed and discussed the internal audit conducted on the Licensed Manufacturing Warehouse and Sales and Service Tax Management in respect of the subsidiaries Ban Seng Lee Industries Sdn. Bhd. and Crestronics (M) Sdn. Bhd.. The AC discussed the associated business risk, findings and recommendation on actions to be taken for improvement;
    ii. Reviewed and recommended to the Board the first quarter results for the period ended 30 November 2018; and
    iii. Reviewed the recurrent related party transactions and noted the transactions were within the threshold.

4. At the ARMC meeting held in April 2019, the ARMC had

    i. Reviewed and discussed on the internal audit conducted on the Occupational, Health and Safety management process in respect of the subsidiaries Ban Seng Lee Industries Sdn. Bhd. and Crestronics (M) Sdn. Bhd.. The AC discussed the associated business risk, findings and recommendation on actions to be taken for improvements;
    ii. Reviewed and recommended to the Board the second quarter results for the period ended 28 February 2019;
    iii. Reviewed the recurrent related party transactions and noted the transactions were within the threshold;
    iv. Reviewed and discussed on the updated forecast for the Group for the financial year ended 31 August 2019; and
    v. Discussed on the proposed combination of the Audit Committee and Risk Management Committee to form the Audit and Risk Management Committee.

5. At the ARMC meeting held in July 2019, the ARMC had

    i. Reviewed and discussed on the internal audit conducted on the sales and marketing management process in respect of the subsidiaries Ban Seng Lee Industries Sdn. Bhd. and Crestronics (M) Sdn. Bhd.. The ARMC discussed the associated business risk, findings and recommendation on actions to be taken for improvements;
    ii. Discussed with the Internal Auditor the proposed final planning memorandum for 2019 internal audit together with the relevant scope and functions;
    iii. Discussed on the updates regarding the status of the Custom's bills of demand matter;
    iv. Reviewed and recommended to the Board the third quarter results for the period ended 31 May 2018;
    v. Reviewed the recurrent related party transactions and noted the transactions were within the threshold; and
    vi. Reviewed and discussed with the External Auditors, the audit planning memorandum, audit approaches, recent developments in the Malaysian Code on Corporate Governance, new and revised accounting standards and the key audit areas.

Based on the above, where appropriate, the Audit and Risk Management Committee will seek further detailed clarifications from the management team to understand the matter in depth prior to making any decisions or recommendations.

INTERNAL AUDIT FUNCTION

The Company recognized that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process.

In this regards, the Company has appointed an external independent professional firm to undertake the internal audit function and risk management function during the financial year with the aim to ensure its existing internal control system is effective and appropriate in mitigating against the Group's significant risks.

The internal auditors report independently to the Audit and Risk Management Committee with their findings and these findings are further deliberated during the Audit and Risk Management Committee Meeting.

The internal audit plan was approved by the Audit and Risk Management Committee and the scope of internal audit covers the audits of the selected business processes of the main operating subsidiary companies in the Group. A summary of key processes tested during the financial year ended 31 August 2019 can be found in the Statement on Risk Management and Internal Control. The cost incurred for the internal audit function for the financial year ended 31 August 2019 was RM33,000.

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2019 and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016 have been adhered to.

In preparing the financial statements, the Directors have applied consistently suitable accounting policies and have made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is an investment holding company.

The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	1,497,454	13,184,295
Attributable to:		
Owners of the Company	1,354,333	
Non-controlling interests	143,121	
	1,497,454	

DIVIDENDS

No dividend has been declared or paid by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTIONS

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

RESERVES AND PROVISIONS

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

HOLDING COMPANY

At the end of the financial year, the directors regard Esteem Role Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

SUBSIDIARY COMPANIES

Details of the subsidiary companies are set out in Note 6 to the financial statements.

(i) There is no qualified auditors' report on the financial statements of any subsidiary company for the financial year in which this report is made.

(ii) As at the end of the financial year, none of the subsidiary companies hold any shares in the holding company or in other related corporations.

DIRECTORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to date of this report are:

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Ngiam Tong Kwan
Ngiam Tee Wee
Ngiam Tee Yang
Teh Yoon Loy
Ng Wai Pin
To' Puan Rozana Bte Tan Sri Redzuan

DIRECTORS OF SUBSIDIARY COMPANIES

The directors of the Company's subsidiary companies (excluding directors who are also directors of the Company) during the period commencing from the beginning of the financial year to the date of this report are:

Andy Woo Weng Kok
Goh Adrian *(Resigned on 11 June 2019)*
Lim Chi Haur
Nyeam Tong Eng @ Ngiam Tong Yang
Teh Eng Hock
Teh Eng Seng
Azlan Bin Azmi
Wong Sze Chien
Tan Ai Nee
Tan Ai Yong
Tan Ai Peng *(Appointed on 11 June 2019)*

DIRECTORS' INTEREST IN SHARES

The following directors, who held office at the end of the financial year, had interests in shares in the Company and its related corporations as follows:

	Number of ordinary shares			
	Balance at 1.9.2018	**Bought**	**Sold**	**Balance at 31.8.2019**
Shares in the Company				
Registered in name of directors				
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	-	-	100,000
Ngiam Tong Kwan	2,556,315	-	-	2,556,315
Ngiam Tee Wee	2,285,100	-	-	2,285,100
Ngiam Tee Yang	100,000	-	-	100,000
Teh Yoon Loy	711,347	-	-	711,347
Deemed interest				
Ngiam Tong Kwan*	49,980,000	-	-	49,980,000
Ngiam Tong Kwan**	4,057,670	-	-	4,057,670
Ng Wai Pin**	17,000	-	-	17,000
Shares in the holding company, Esteem Role Sdn. Bhd.				
Registered in name of directors				
Ngiam Tong Kwan	25,472	-	-	25,472
Ngiam Tee Wee	7,000	-	-	7,000
Ngiam Tee Yang	5,000	-	-	5,000
Teh Yoon Loy	7,060	-	-	7,060

* Deemed interest by virtue of his substantial interest in Esteem Role Sdn. Bhd.
** Deemed interest held through his family members.

DIRECTORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

DIRECTORS' INTEREST IN SHARES (CONT'D.)

By virtue of their interests in the shares of the Company and the holding company, the abovementioned directors are deemed to have an interest in the shares of the related companies to the extent that the Company and the holding company have interest.

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in the shares or debentures in the Company, its subsidiary companies, its holding company or subsidiary companies of its holding company during the financial year.

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the 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.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company; and other benefits as set out below) by reason of a contract made by the Company or a related corporation with a 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.

Directors' remuneration and other benefits are set out in Note 29 to the financial statements.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

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

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

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

(i) which would render it necessary to write off any debts or render the amount of the allowance for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements 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.

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

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

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

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

OTHER INFORMATION (CONT'D.)

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

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

Auditors' remuneration is set out in Note 29 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

NGIAM TONG KWAN
Director

NGIAM TEE WEE
Director

Kuala Lumpur

Date: 19 December 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BSL CORPORATION BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BSL Corporation Berhad, which comprise the statements of financial position as at 31 August 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 14 to 98.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trade receivables

The risk:

As at 31 August 2019, the carrying amounts of the Group's trade receivables were RM33,978,067. The collectability of these receivables are assessed on an ongoing basis.

The Group applies the simplified approach in the measurement of loss allowance for trade receivables. Accordingly, provision matrix was use to estimate the expected credit losses ("ECL") taking into account historical credit loss occurrences, assessment of customers' ability to pay the outstanding balances and where appropriate, adjusted with forward-looking information.

We have identified this to be a key audit matter as it requires management to make significant estimation in the assessment of credit losses at end of the reporting period.

The key assumption of estimation on allowance for ECL and the Group's credit risk management are disclosed in Notes 4 Key sources of estimation uncertainty, (i) and 39(i) to the financial statements, and further information related to trade receivables is disclosed in Note 11 to the financial statements.

How the matter was addressed in our audit:

To address the matter identified, for those outstanding receivable balances at the reporting date, we checked collections received after year-end, and for uncollected amount we challenged the management's assessment on the recoverability. We have also assessed customers' ageing profile by evaluating the accuracy of ageing buckets.

We also obtained an understanding of the Group's method and assumptions in estimating the ECL, and assessed the reasonableness of year end ECL by recalculating the loss rate applied for each aging buckets at the reporting date.

Emphasis of Matter

We draw attention to Note 37(b) to the financial statements which discloses the bills of demand issued by the relevant authority to Crestronics (M) Sdn. Bhd. ("CMSB"), a wholly owned subsidiary company of the Company.

On 19 December 2014, CMSB received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentation to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that

Report on the Audit of the Financial Statements (Cont'd.)

Emphasis of Matter (Cont'd.)

CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statements (Note 25 to the financial statements). The remaining balance of the claim of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15 September 2015, the authority rejected the appeal with no specific reason mentioned.

On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the relevant authority that the appeal against the bills of demand has been rejected and further appeal will not be considered. Thereafter, the directors engaged another consultant to look into this matter to appeal to Minister of Finance.

On 30 January 2018, CMSB submitted remission application to the Ministry of Finance. Subsequently, on 10 April 2018, Ministry of Finance rejected the application with no specific reason mentioned.

On 5 July 2018, CMSB, through its appointed solicitor filed in an application for judicial review to the High Court. During the leave hearing for judicial review held on 19 September 2018, the High Court granted leave and an interim stay for the enforcement of bills of demand until the disposal of the inter-partes stay hearing. The High Court has fixed for the Minister of Finance to file its affidavit in reply by 21 December 2018 whereas CMSB is required to file its further affidavit in reply by 11 January 2019. The High Court also fixed for case management on 28 January 2019.

On 28 January 2019, the High Court fixed for CMSB to file its affidavit in reply by 21 February 2019. CMSB and Minister of Finance and Director-General of Customs, Royal Malaysia Customs Department are required to attend another case management on 15 March 2019 and hearing on 29 March 2019.

On 22 March 2019, the High Court had adjourned the hearing to 21 May 2019.

On 21 May 2019, the High Court fixed the decision date to be held on 9 July 2019 but subsequently adjourned to 17 October 2019 after a few adjournments.

On 17 October 2019, the High Court set another case management on 5 November 2019 for the new judge to decide whether to hear the case afresh or to deliver the decision based on notes prepared by the previous judge whom had been elevated to the Court of Appeal.

On 5 November 2019, the High Court has set 6 January 2020 for further clarification and to deliver the decision.

Based on the available facts and information as of the date of this report, the solicitor is of the opinion that CMSB has arguable grounds and basis to contend that there is no legal and factual basis for the Minister of Finance to reject CMSB's remission application. Consequently, no further provision has been provided. In the event that the appeal is not successful, CMSB is liable for the remaining balance of the claim of RM10,900,000.

Our opinion is not qualified in respect of this matter.

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 other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D.)

TO THE MEMBERS OF BSL CORPORATION BERHAD

Report on the Audit of the Financial Statements (Cont'd.)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Other Matter

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.

MAZARS PLT
LLP0010622-LCA
AF 001954
Chartered Accountants

CHONG FAH YOW
03004/07/2020 J
Chartered Accountant

Kuala Lumpur

Date: 19 December 2019

STATEMENTS OF FINANCIAL POSITION

31 AUGUST 2019

Group	Note	As at 31.8.2019 RM	As at 31.8.2018 RM (Restated)	As at 1.9.2017 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	92,177,994	92,360,085	55,109,584
Investments in associated companies	7	-	-	-
Investment in joint venture	8	-	-	4,919,807
Other investment	9	-	3,162,887	3,603,552
Trade receivables	11	1,061,993	1,860,934	-
Total non-current assets		93,239,987	97,383,906	63,632,943
Current assets				
Inventories	10	12,916,341	12,735,744	11,927,491
Trade receivables	11	32,916,074	34,421,084	35,150,031
Contract assets	12	1,070,917	315,943	4,212,765
Other receivables, deposits and prepayments	13	3,471,970	5,615,276	2,593,577
Amount owing by a corporate shareholder	14	-	24,501	23,934
Current tax assets		211,797	129,788	-
Short-term deposits with licensed banks	15	538,026	2,335,246	1,429,561
Cash and bank balances		10,446,262	9,531,935	12,511,275
		61,571,387	65,109,517	67,848,634
Non-current asset classified as held for sale	16	-	-	-
Total current assets		61,571,387	65,109,517	67,848,634
TOTAL ASSETS		154,811,374	162,493,423	131,481,577
EQUITY AND LIABILITIES				
Equity				
Share capital	17	50,767,230	49,000,000	49,000,000
Treasury shares	18	(459,316)	(459,316)	(456,270)
Reserves	19	58,362,093	61,853,320	28,569,686
Equity attributable to owners of the Company		108,670,007	110,394,004	77,113,416
Non-controlling interests		(350,012)	(482,936)	889,470
Total equity		108,319,995	109,911,068	78,002,886
Non-current liabilities				
Hire purchase liabilities	20	1,921,342	802,582	632,992
Term loans	21	6,214,313	8,404,184	11,699,316
Deferred tax liabilities	22	5,875,948	5,030,845	2,428,945
Total non-current liabilities		14,011,603	14,237,611	14,761,253
Current liabilities				
Trade payables	23	22,853,943	24,828,186	28,032,045
Other payables and accruals	24	3,393,880	5,856,932	4,801,530
Provision	25	200,000	200,000	200,000
Contract liabilities	12	1,767,800	1,800,000	-
Hire purchase liabilities	20	1,674,089	1,118,346	1,210,973
Bank borrowings	26	289,380	873,169	788,168
Term loans	21	2,244,776	3,362,089	3,050,906
Current tax liabilities		55,908	306,022	633,816
Total current liabilities		32,479,776	38,344,744	38,717,438
Total liabilities		46,491,379	52,582,355	53,478,691
TOTAL EQUITY AND LIABILITIES		154,811,374	162,493,423	131,481,577

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

31 AUGUST 2019

Company	Note	2019 RM	2018 RM
ASSETS			
Non-current assets			
Investments in subsidiary companies	6	44,415,598	44,415,598
Other investments	9	-	-
Amount owing by subsidiary company	6	-	1,499,645
Total non-current assets		44,415,598	45,915,243
Current assets			
Other receivables, deposits and prepayment	13	4,520,432	54,336
Amounts owing by subsidiary companies	6	14,267,693	10,120,201
Current tax assets		-	49,500
Cash and bank balances		317,887	122,355
Total current assets		19,106,012	10,346,392
TOTAL ASSETS		63,521,610	56,261,635
EQUITY AND LIABILITIES			
Equity			
Share capital	17	50,767,230	49,000,000
Treasury shares	18	(459,316)	(459,316)
Reserves	19	12,903,255	1,486,190
Total equity		63,211,169	50,026,874
Current liabilities			
Other payables and accruals	24	206,732	174,800
Amounts owing to subsidiary companies	6	71,185	6,059,961
Current tax liabilities		32,524	-
Total current liabilities		310,441	6,234,761
Total liabilities		310,441	6,234,761
TOTAL EQUITY AND LIABILITIES		63,521,610	56,261,635

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue	27	159,646,936	158,783,032	13,600,000	100,000
Cost of sales		(147,065,297)	(145,951,273)	-	-
Gross profit		12,581,639	12,831,759	13,600,000	100,000
Other income		5,002,377	5,226,797	1,131,513	738,050
Other expenses		(12,372,237)	(17,613,812)	(1,045,631)	(6,751,368)
Finance costs	28	(685,877)	(2,544,062)	(250,703)	(195,395)
Share of results of associated companies		-	(35)	-	-
Share of results of joint venture		-	(23,122)	-	-
Profit/(Loss) before tax	29	4,525,902	(2,122,475)	13,435,179	(6,108,713)
Tax (expense)/credit	30	(3,028,448)	(366,105)	(250,884)	6,156
Profit/(Loss) for the year		1,497,454	(2,488,580)	13,184,295	(6,102,557)
Other comprehensive income/(loss):					
Items that will not be subsequently reclassified to profit or loss					
Revaluation gain on property, plant and equipment		-	34,252,198	-	-
Items that will be subsequently reclassified to profit or loss					
Fair value loss on other investment		(2,993,758)	-	-	-
Exchange differences on translation of foreign operations		(84,572)	147,561	-	-
Other comprehensive (loss)/income, net of tax		(3,078,330)	34,399,759	-	-
Total comprehensive (loss)/income for the year		(1,580,876)	31,911,179	13,184,295	(6,102,557)

	Note	Group 2019 RM	Group 2018 RM
Profit/(Loss) for the year attributable to:			
Owners of the Company		1,354,333	(1,116,125)
Non-controlling interests		143,121	(1,372,455)
		1,497,454	(2,488,580)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(1,723,997)	33,283,634
Non-controlling interests		143,121	(1,372,455)
		(1,580,876)	31,911,179
Basic earnings/(loss) per ordinary share (sen)	31	1.40	(1.15)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2019

Group	Share capital RM	Treasury shares RM	Non-distributable: Share premium RM	Non-distributable: Fair value reserve RM	Non-distributable: Revaluation reserve RM	Non-distributable: Foreign currency translation reserve RM	Distributable reserve- Retained earnings RM	Attributable to owners of the Company RM	Non-controlling interests RM	Total RM
At 1 September 2018	49,000,000	(459,316)	1,767,230	(160,668)	34,252,198	(1,044,899)	27,039,459	110,394,004	(482,936)	109,911,068
Realisation of revaluation reserves	-	-	-	-	(202,703)	-	202,703	-	-	-
Transition to no par value regime	1,767,230	-	(1,767,230)	-	-	-	-	-	-	-
Winding up of a subsidiary company	-	-	-	-	-	-	-	-	(10,197)	(10,197)
Profit for the year	-	-	-	-	-	-	1,354,333	1,354,333	143,121	1,497,454
Other comprehensive loss, net of tax	-	-	-	(2,993,758)	-	(84,572)	-	(3,078,330)	-	(3,078,330)
Total comprehensive (loss)/income for the year	-	-	-	(2,993,758)	-	(84,572)	1,354,333	(1,723,997)	143,121	(1,580,876)
At 31 August 2019	50,767,230	(459,316)	-	(3,154,426)	34,049,495	(1,129,471)	28,596,495	108,670,007	(350,012)	108,319,995
At 1 September 2017	49,000,000	(456,270)	1,767,230	(160,668)	-	(1,192,460)	28,155,584	77,113,416	889,470	78,002,886
Repurchase of shares	-	(3,046)	-	-	-	-	-	(3,046)	-	(3,046)
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	49	49
Loss for the year	-	-	-	-	-	-	(1,116,125)	(1,116,125)	(1,372,455)	(2,488,580)
Other comprehensive income, net of tax	-	-	-	-	34,252,198	147,561	-	34,399,759	-	34,399,759
Total comprehensive income/(loss) for the year	-	-	-	-	34,252,198	147,561	(1,116,125)	33,283,634	(1,372,455)	31,911,179
At 31 August 2018	49,000,000	(459,316)	1,767,230	(160,668)	34,252,198	(1,044,899)	27,039,459	110,394,004	(482,936)	109,911,068

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

Company	Share capital RM	Treasury shares RM	Non-distributable reserve-Share premium RM	Distributable reserve-Retained earnings / (Accumulated losses) RM	Total RM
At 1 September 2017	49,000,000	(456,270)	1,767,230	5,821,517	56,132,477
Repurchase of shares	-	(3,046)	-	-	(3,046)
Profit for the year	-	-	-	(6,102,557)	(6,102,557)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(6,102,557)	(6,102,557)
At 31 August 2018	49,000,000	(459,316)	1,767,230	(281,040)	50,026,874
Transition to no par value regime	1,767,230	-	(1,767,230)	-	-
Profit for the year	-	-	-	13,184,295	13,184,295
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	13,184,295	13,184,295
At 31 August 2019	50,767,230	(459,316)	-	12,903,255	63,211,169

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	4,525,902	(2,122,475)	13,435,179	(6,108,713)
Adjustments for:				
Depreciation of property, plant and equipment	4,091,664	4,513,213	-	-
Dividend income	-	-	(13,600,000)	(100,000)
Finance costs	685,877	2,544,062	250,703	195,395
Gain on disposal of property, plant and equipment	(170,971)	(97,145)	-	-
Impairment of:				
- Investment in subsidiary companies	-	-	11,636,363	590,000
- Investment in joint venture	-	4,689,586	-	-
Interest income from amortised cost on amount due from a related party	(523,448)	(478,618)	-	-
Interest income from short-term deposits	(46,905)	(91,657)	-	-
Interest receivable from subsidiary companies	-	-	(1,045,206)	(738,050)
Loss allowance:				
- Trade receivables	202,804	-	-	-
- Subsidiary company	-	-	-	5,592,548
Net unrealised loss on foreign exchange	13,270	999,188	-	459,415
Property, plant and equipment written off	2,201	-	-	-
Reversal of loss allowance				
- Trade receivables	-	(100,714)	-	-
- Subsidiary companies	-	-	(11,208,861)	-
Share of results of associated companies	-	35	-	-
Share of results of joint venture	-	23,122	-	-
Write-down of inventories, net	46,982	4,591	-	-
Operating profit/(loss) before working capital changes	8,827,376	9,883,188	(531,822)	(109,405)
Changes in inventories	(227,579)	(812,844)	-	-
Changes in receivables	4,191,381	(672,018)	33,903	(33,503)
Changes in payables	(4,473,114)	(1,571,487)	31,933	70,666
Cash generated from/(used in) operations	8,318,064	6,826,839	(465,986)	(72,242)
Income tax refunded	20,000	71,882	-	22,600
Income tax paid	(2,624,712)	(2,410,152)	(168,860)	(49,500)
Net cash generated from/(used in) operating activities	5,713,352	4,488,569	(634,846)	(99,142)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in subsidiary company	-	-	-	(51)
Dividend received	-	-	9,100,000	100,000
Proceeds from disposal of property plant and equipment	171,538	97,145	-	-
Interest received	46,905	91,657	-	-
Additions to property, plant and equipment (Note)	(635,731)	(1,767,283)	-	-
Advances to subsidiary companies	-	-	(2,030,143)	(35,692)
Increase in investment in direct subsidiary company by non-controlling interests	-	49	-	-
Payment for buy-back of shares	-	(3,046)	-	(3,046)
Net cash (used in)/generated from investing activities	(417,288)	(1,581,478)	7,069,857	61,211

STATEMENTS OF CASH FLOWS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of hire purchase liabilities	(1,602,107)	(1,550,787)	-	-
Interest paid	(685,877)	(880,744)	(250,703)	-
Advances from subsidiary companies	-	-	(5,988,776)	24,987
Drawndown of term loans	-	-	-	-
Repayment of term loans	(3,307,184)	(2,974,063)	-	-
Decerease in short-term deposits pledged with licensed banks	568,615	322,920	-	-
Net cash (used in)/generated from financing activities	(5,026,553)	(5,082,674)	(6,239,479)	24,987
NET CHANGES IN CASH AND CASH EQUIVALENTS	269,511	(2,175,583)	195,532	(12,944)
Effect of changes in foreign currency translation reserves	-	339,847	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,887,371	11,723,107	122,355	135,299
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,156,882	9,887,371	317,887	122,355
Represented by:				
Cash and bank balances	10,446,262	9,531,935	317,887	122,355
Short-term deposits with licensed banks (Note 15)	538,026	2,335,246	-	-
	10,984,288	11,867,181	317,887	122,355
Less: Short-term deposits pledged to a bank	(538,026)	(1,106,641)	-	-
Overdrafts	(289,380)	(873,169)	-	-
	10,156,882	9,887,371	317,887	122,355

Note:
During the financial year, the Group acquired property, plant and equipment through the following arrangements:

	Group	
	2019 RM	2018 RM
Total cost of property, plant and equipment acquired	3,912,341	3,395,033
Less: Purchase consideration satisfied by hire purchase arrangements	(3,276,610)	(1,627,750)
Cash payments	635,731	1,767,283

Note (a):

Reconciliation of liabilities arising from financing activities

2019 Group	**Hire purchase liabilities RM**	**Term loans RM**	**Total RM**
At beginning of financial year	1,920,928	11,766,273	13,687,201
Cash flows:			
Purchase of properties, plant and equipemts	3,276,610	-	3,276,610
Repayments of hire purchases	(1,602,107)	-	(1,602,107)
Repayments of term loans	-	(3,307,184)	(3,307,184)
Interest paid	(135,909)	(500,070)	(635,979)
	3,459,522	7,959,019	11,418,541
Non-cash changes:			
Interest expenses	135,909	500,070	635,979
At end of financial year	3,595,431	8,459,089	12,054,520

STATEMENTS OF CASH FLOWS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

2019 **Company**	**Amount owing to subdiary companies** **RM**
At beginning of financial year	6,059,961
Cash flows:	
Advances from subsidiary companies	(5,988,776)
	71,185
Non-cash changes:	
Interest expenses	-
At end of financial year	71,185

Note (a):
Reconciliation of liabilities arising from financing activities

2018 **Group**	**Hire purchase liabilities** **RM**	**Term loans** **RM**	**Total** **RM**
At beginning of financial year	1,843,965	14,750,222	16,594,187
Cash flows:			
Purchase of properties, plant and equipments	1,627,750	-	1,627,750
Repayments of hire purchases	(1,550,787)	-	(1,550,787)
Repayments of term loans	-	(2,974,063)	(2,974,063)
Interest paid	(138,230)	(674,299)	(812,529)
	1,782,698	11,101,860	12,884,558
Non-cash changes:			
Interest expenses	138,230	664,413	802,643
At end of financial year	1,920,928	11,766,273	13,687,201

Company	**Amount owing to subdiary companies** **RM**
At beginning of financial year	5,839,579
Cash flows:	
Advances from subsidiary companies	24,987
	5,864,566
Non-cash changes:	
Interest expenses	195,395
At end of financial year	6,059,961

1. GENERAL INFORMATION

BSL Corporation Berhad (the "Company") is a public limited liability company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are disclosed in page 1.

The holding company is Esteem Role Sdn. Bhd. which is incorporated in Malaysia.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 6. There have been no significant changes in these activities during the financial year.

2. BASIS OF PREPARATION

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

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Group and the Company.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in Note 3.

(a) Application of new or revised standards

In the current financial year, the Group and the Company have applied a number of new standards, amendments and Issues Committee ("IC") Interpretations that become effective mandatorily for the financial periods beginning on or after 1 September 2018.

The adoption of the new standards, amendments and/or interpretations does not have any significant impact on the financial statements of the Group and of the Company, except for the impact on financial statements set out in Note 41.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following new standards, amendments and IC Interpretations that have been issued by MASB but are not yet effective:

MFRS, Amendments to MFRSs and IC Interpretations		Effective Date
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint and Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above standards, amendments and interpretations are not expected to have significant impact on the financial position and financial performance of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

2. BASIS OF PREPARATION (CONT'D.)

(b) Standards issued that are not yet effective (Cont'd.)

MFRS 16 Leases

Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The directors of the Group and Company will implement MFRS 16 on 1 September 2019 by applying the modified retrospective method, meaning that the 2018 comparatives numbers in the 2019 financial statements will not be restated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all subsidiary companies controlled by the Company made up to the end of the financial year.

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

(i) power over the entity;
(ii) exposure, or rights, to variable returns from its involvement with the entity; and
(iii) the ability to use its power over the entity to affect the amount of the returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiary companies

The changes of interests in subsidiary companies that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of consolidation (Cont'd.)

Loss of control

When the Company loses control of a subsidiary company:

(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary company.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary company at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary company at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiary company at its fair value when control is lost. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(b) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the Group, the liabilities incurred by the Group and the equity interests issued by the Group.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

a. The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the investee; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the investee.

b. The net fair value of the identifiable assets acquired and the liabilities assumed.

In a business combination where the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss on the acquisition date.

(c) Investments in subsidiary companies

In the Company's separate financial statements, investments in subsidiary companies are measured at cost less impairment losses. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed of is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Investments in associate and joint venture

An associate is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associate or joint venture are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associate or joint venture are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associate or joint venture.

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the associate or joint venture are recognised in the consolidated statement of profit or loss and other comprehensive income respectively.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associate or joint venture.

Premium relating to an associate or a joint venture is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associate or joint venture are accounted for in the consolidated financial statements based on financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interests in an associate that do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

In the Company's separate financial statements, investments in associate and joint venture are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associate disposed of is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Property, plant and equipment

(i) *Measurement basis*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Effective on 30 August 2018, the Group revalues its leasehold land, freehold land and buildings based on valuation carried out by independent firm of professional valuers using the open market basis.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss when incurred.

Valuations on leasehold land, freehold land and buildings are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land, freehold land and buildings as at reporting date. Surplus arising from revaluation is dealt with through the asset revaluation reserve account, net of deferred tax, if any. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) *Depreciation*

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount of other property, plant and equipment is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

Leasehold land	1%
Buildings	2%
Plant and machinery	5% - 20%
Office equipment, computer equipment, furniture, fittings, renovation, factory upgrade and factory equipment	2% - 20%
Motor vehicles	10% - 20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(f) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised for goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Property, plant and equipment, investments in subsidiary companies, associate and joint venture

Property, plant and equipment, investments in subsidiary companies, associate and joint venture are assessed at the end of each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(h) Inventories

Inventories are valued at the lower of cost (determined principally on the 'first-in, first-out' basis) and net realisable value. The cost of raw materials comprises the original purchase price plus the costs incurred in bringing these inventories to their present location and condition. The cost of finished goods and work-in-progress include the costs of raw materials and production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(i) Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Financial instrument (Cont'd.)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent Measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

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

The effective interest method is a method of calculating the amortised cost of a debt instrument by allocating interest income over the relevant periods.

Financial Assets at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, the related interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. All other changes in the carrying amount are recognised in OCI and accumulated in a reserve in equity.

Equity instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Financial instrument (Cont'd.)

Impairment of Financial Assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost (using the effective interest method).

Financial Liabilities at Amortised Cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability by allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Financial instrument (Cont'd.)

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity Instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

(j) Non-current asset held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable, where management is committed to the sale which is expected to complete within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(k) Share buy-back

When shares are repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity.

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.

When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external cost and the related tax effects, is recognised in equity.

(l) 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 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.

(m) Provisions

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

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Revenue recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Sales of Goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

Rendering of Services

Revenue is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input method to measure progress towards complete satisfaction of the services.

Contract Balances Arising from Revenue Recognition

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Other Income is Recognised as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(o) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) *Finance lease*

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Leases (Cont'd.)

(ii) *Operating lease*

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight line basis over the period of the lease.

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

(p) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time to complete are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commence when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to profit or loss in the period in which they are incurred. The interest component of hire purchase payments is charged to profit or loss over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase contract.

(q) Employee benefits

(i) *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) *Post-employment benefits*

The Company and its Malaysian subsidiary companies pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiary companies are limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

Some of the Company's foreign subsidiary companies make contributions to their respective countries statutory pension schemes which are recognised as an expense in profit or loss as incurred.

(r) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Income tax (Cont'd.)

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

(s) Foreign currencies

(i) Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) *Transactions and balances in foreign currencies*

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated to RM using the foreign exchange rates prevailing at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) *Translation of foreign operations*

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

(t) Cash equivalents

Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalents are presented net of bank overdrafts.

(u) Segment Reporting

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

Critical judgement

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

(i) Classification of joint venture

The Group acquired 22.5% equity interest in an investment holding company, Petapak Holdings Ltd. ("PHL"). Based on the contractual arrangement between the Group and other investor in PHL, the Group has substantive rights in deciding certain relevant activities of PHL as they require unanimous consent of both parties collectively. Accordingly, PHL is classified as a joint venture of the Group. See Note 8 for details.

(ii) Provision

As mentioned in Notes 25 and 37(b), as a result of the demand made by the relevant authority against Crestronics (M) Sdn. Bhd., a wholly owned subsidiary company, for the payment of unpaid sales tax and import duty, the Group made a provision of RM200,000. The provision was made based on directors' best judgment and estimates based on information currently available and the advice of a consultant. As the amount of the claim is still subject to appeal, the amount of the claim that may ultimately be payable may differ from the provision made and the difference may be material.

Key sources of estimation uncertainty

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

(i) Determining the loss allowance for trade receivables and contract assets

Management assesses the ECL for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The ECL on trade receivables and contract assets as at current reporting date is primarily mainly based upon the historical credit loss experience. The carrying amount of trade receivables and contract assets are disclosed in Notes 11 and 12.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land, is depreciated on a straight-line basis over the assets' useful lives. The Group reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges. The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 5.

(iii) Impairment of assets

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets. As of 31 August 2019, the Group and the Company recognised accumulated impairment losses in respect of the following:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment	4,174,713	4,174,713	-	-
Investment in joint venture	4,689,586	4,689,586	-	-
Investment in associated company	-	462,091	-	-
Investment in subsidiary companies	-	-	18,779,362	7,142,999

Management exercises its judgement in estimating the recoverable amounts of these assets.

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed. The assessment of the recoverable amounts involves a number of methodologies.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group and the Company make estimates and assumptions that requires significant judgements. While the Group and the Company believe these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Group's and the Company's financial position and results.

(iv) Impairment loss and write down of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make a provision for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of their inventories and additional impairment losses for slow moving inventories may be required. The carrying amount of the Group's inventories is disclosed in Note 10.

(v) Fair value of property, plant and equipment

The Group measures its leasehold land, freehold land and buildings at revaluated amounts with any change in revaluation amount recognised in the profit or loss. Significant judgement is required in the determination of revaluation amount which may be derived based on different valuation methods. The Group engages an independent professional valuer to determine the revaluation amount on an open market value basis using comparison method.

Information regarding the valuation techniques and inputs used in determining the revaluation is disclosed in Note 5.

(vi) Contingent liabilities

Contingent liabilities is based on management's view of the expected outcome of the contingencies, and if necessary, after consulting legal counsel and internal and external experts to the Group for matters in the ordinary course of business.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost/Valuation	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Office equipment, computer equipment, furniture, fittings, renovation, factory upgrade and factory equipment RM	Motor vehicles RM	Total RM
At 1 September 2018	35,000,000	3,900,000	35,000,000	84,342,992	9,271,411	4,631,190	172,145,593
Additions	-	-	-	3,196,686	181,143	534,512	3,912,341
Disposals	-	-	-	(1,676,898)	(3,300)	(358,754)	(2,038,952)
Written off	-	-	-	-	(23,062)	-	(23,062)
At 31 August 2019	35,000,000	3,900,000	35,000,000	85,862,780	9,426,192	4,806,948	173,995,920
Representing:							
Cost	-	-	-	85,862,780	9,426,192	4,806,948	100,095,920
Valuation	35,000,000	3,900,000	35,000,000	-	-	-	73,900,000
	35,000,000	3,900,000	35,000,000	85,862,780	9,426,192	4,806,948	173,995,920
Accumulated depreciation							
At 1 September 2018	-	-	-	66,115,580	6,065,069	3,430,146	75,610,795
Additions	-	43,820	790,458	2,377,313	515,958	364,115	4,091,664
Disposals	-	-	-	(1,676,895)	(2,739)	(358,751)	(2,038,385)
Written off	-	-	-	-	(20,861)	-	(20,861)
At 31 August 2019	-	43,820	790,458	66,815,998	6,557,427	3,435,510	77,643,213
Accumulated impairment losses							
At 1 September 2018/ 31 August 2019	-	-	-	3,852,971	229,446	92,296	4,174,713
Net book value							
At 31 August 2019	35,000,000	3,856,180	34,209,542	15,193,811	2,639,319	1,279,142	92,177,994
2018							
Cost/Valuation							
At 1 September 2017	8,200,000	3,633,020	27,676,866	82,482,725	8,065,525	4,552,164	134,610,300
Additions	-	-	-	1,938,509	1,205,886	250,638	3,395,033
Disposals	-	-	-	(78,242)	-	(171,612)	(249,854)
Revaluation surplus	26,800,000	489,680	11,079,001	-	-	-	38,368,681
Adjustment on revaluation	-	(222,700)	(3,755,867)	-	-	-	(3,978,567)
At 31 August 2018	35,000,000	3,900,000	35,000,000	84,342,992	9,271,411	4,631,190	172,145,593
Representing:							
Cost	-	-	-	84,342,992	9,271,411	4,631,190	98,245,593
Valuation	35,000,000	3,900,000	35,000,000	-	-	-	73,900,000
	35,000,000	3,900,000	35,000,000	84,342,992	9,271,411	4,631,190	172,145,593
Accumulated depreciation							
At 1 September 2017	-	184,458	3,224,200	63,147,839	5,567,507	3,201,999	75,326,003
Additions	-	38,242	531,667	3,045,983	497,562	399,759	4,513,213
Disposals	-	-	-	(78,242)	-	(171,612)	(249,854)
Adjustment on revaluation	-	(222,700)	(3,755,867)	-	-	-	(3,978,567)
At 31 August 2018	-	-	-	66,115,580	6,065,069	3,430,146	75,610,795
Accumulated impairment losses							
At 1 September 2017/ 31 August 2018	-	-	-	3,852,971	229,446	92,296	4,174,713
Net book value							
At 31 August 2018	35,000,000	3,900,000	35,000,000	14,374,441	2,976,896	1,108,748	92,360,085

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Revaluation of freehold land, leasehold land and buildings

The freehold land, leasehold land and buildings have been revalued as at 31 August 2018 based on valuations performed by accredited independent valuer. The valuations are based on the comparison method whereby the value attributable to the properties is obtained by comparison to values realised for properties similar in nature, with particular reference to location, accessibility, land area, built-up area, category of land use, terrain, land shape, nature of land and building type, building condition and improvements made. Adjustments are made for the differences between the properties being compared. If the freehold land, leasehold land and buildings were measured using the cost model, the carrying amounts would be:

	Group	
	2019 RM	2018 RM
Freehold land:		
- Cost/Net book value	8,200,000	8,200,000
Leasehold land:		
- Cost	3,633,020	3,633,020
- Accumulated depreciation	(260,942)	(222,700)
Net book value	3,372,078	3,410,320
Buildings:		
- Cost	27,676,866	27,676,866
- Accumulated depreciation	(4,287,533)	(3,755,867)
Net book value	23,389,333	23,920,999

Included in property, plant and equipment of the Group are the following assets acquired under hire purchase arrangements:

	Group	
	2019 RM	2018 RM
Net book value:		
Plant and machinery	6,313,245	4,466,673
Motor vehicles	914,610	807,914
	7,227,855	5,274,587

Included in property, plant and equipment of the Group are the following fully depreciated assets which are still in use:

	Group	
	2019 RM	2018 RM
Cost:		
Plant and machinery	59,972,682	46,975,543
Office equipment and furniture, fittings, renovation, factory upgrade and factory equipment	3,170,602	3,073,188
Motor vehicles	2,099,617	1,943,309
	65,242,901	51,992,040

As of 31 August 2019, the following property, plant and equipment are charged to licensed banks as security for term loans and other credit facilities, as mentioned in Notes 21 and 26, granted to the Group:

	Group	
	2019 RM	2018 RM
At valuation/net book value:		
Freehold land	35,000,000	35,000,000
Leasehold land	3,856,180	3,900,000
Buildings	34,209,542	35,000,000
Plant and machinery	6,322,927	6,739,634
	79,388,649	80,639,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2019 RM	Company 2018 RM
Unquoted shares at cost	63,194,960	51,558,597
Less: Accumulated impairment losses	(18,779,362)	(7,142,999)
	44,415,598	44,415,598

The details of the subsidiary companies are as follows:

Name of Subsidiary Companies	Effective equity interest 2019 %	Effective equity interest 2018 %	Country of incorporation	Principal activities
Direct subsidiary companies				
Ban Seng Lee Industries Sdn. Bhd.	100	100	Malaysia	Stamping and manufacturing of precision metal parts, fabrication of tools and dies and fabrication and forging of base metal components.
Crestronics (M) Sdn. Bhd.	100	100	Malaysia	Printed circuit board assembly and assembly of all types of electronic and electrical components, devices and system.
Unique Forging & Components Sdn. Bhd.	100	100	Malaysia	Investment holding.
BSL (HK) Limited**	100	100	Hong Kong, People's Republic of China	Investment holding.
BSL Eco Energy Sdn. Bhd.	51	51	Malaysia	Manufacturing, sales and marketing of solar inverter, and other products.
BSL Development Sdn. Bhd.	51	51	Malaysia	Property development and related trading activities.
Indirect subsidiary companies				
Crestronics Greentech Sdn. Bhd. ***	-	52	Malaysia	Under members' voluntary winding up.
Matahari Suria Sdn. Bhd. ****	100	100	Malaysia	Generation of renewable energy.
Suria Solar Tech Sdn. Bhd. * #	51	51	Malaysia	Dormant.

* Audited by a firm of auditors other than Mazars.
** Audited by Mazars CPA Limited, Hong Kong.
*** Held through Crestronics (M) Sdn. Bhd.
**** Held through Unique Forging & Components Sdn. Bhd.
\# Held through BSL Eco Energy Sdn. Bhd.

(i) Member's voluntary winding up of Crestronics Greentech Sdn. Bhd. ("CGSB")

On 31 January 2019, CGSB had at its Extraordinary General Meeting obtained approval from its shareholders to commence Members' Voluntary Winding Up pursuant to Section 439(1)(b) of the Companies Act 2016. Accordingly, CGSB was deconsolidated from the Group on 31 January 2019.

(ii) Investment in BSL Development Sdn. Bhd. ("BSLD")

During the financial year 2018, the Company acquired 51% equity interest in BSLD for a cash consideration of RM51. Consequently, BSLD became a 51% subsidiary company of the Company.

(iii) Investment in BSL (HK) Limited

During the financial year 2019, the Company increased its investment in BSL (HK) Limited via the capitalisation of amount owing by BSL (HK) Limited amounting to RM11,636,363.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D.)

Details of non-wholly owned subsidiary companies of the Group that have material non-controlling interests:

Name of subsidiary company	Proportion of ownership interests and voting right held by non-controlling interests 2019 %	2018 %	Profit/(Loss) allocated to non-controlling interests 2019 RM	2018 RM	Accumulated non-controlling interests 2019 RM	2018 RM
BSL Eco Energy Sdn. Bhd.	49	49	154,784	(1,235,502)	(349,783)	(502,263)
Individually immaterial subsidiary companies with non-controlling interests					(229)	19,327
					(350,012)	(482,936)

Summarised financial information in respect of the Group's subsidiary companies that have material non-controlling interest are set out below. The summarised financial information below represents amount before intragroup eliminations.

BSL Eco Energy Sdn. Bhd.	2019 RM	2018 RM (Restated)
Non-current assets	2,424,094	3,090,207
Current assets	11,484,053	10,656,394
Current liabilities	13,178,076	13,332,415
Equity attributable to owners of the Company	372,336	211,235
Non-controlling interests	372,335	202,951
Revenue	7,009,650	1,043,383
Profit/(Loss) for the year	315,885	(2,599,936)
Profit/(Loss) attributable to owners of the Company	161,101	(1,364,434)
Profit/(Loss) attributable to the non-controlling interests	154,784	(1,235,502)
Profit/(Loss) for the year	315,885	(2,599,936)
Total comprehensive profit/(loss) attributable to owners of the Company	161,101	(1,364,434)
Total comprehensive profit/(loss) attributable to the non-controlling interest	154,784	(1,235,502)
Total comprehensive profit/(loss) for the year	315,885	(2,599,936)
Net cash inflow from operating activities	1,702,679	672,604
Net cash outflow from investing activities	(62,454)	(25,479)
Net cash inflow/(outflow) from financing activities	457,401	(663,784)
Net cash inflow/(outflow)	2,097,626	(16,659)

Amount owing by subsidiary companies comprises of the following:

	Company 2019 RM	2018 RM
Gross outstanding	14,267,693	22,828,707
Less: Loss allowance	-	(11,208,861)
	14,267,693	11,619,846

Included in amount owing by subsidiary companies is the non-current asset amounting to RM Nil (2018: RM1,499,645) which bear interest at 8% (2018: 8%) per annum and is unsecured and receivable on demand.

The amount owing by subsidiary companies arose mainly from advances granted which bear interest at 6% (2018: 6%) per annum and are unsecured and receivable on demand.

The amount owing to subsidiary companies, arose mainly from advances received and payments made on behalf, which bear interest at 6% (2018: 6%) per annum and is unsecured and repayment on demand.

7. INVESTMENT IN ASSOCIATED COMPANIES

	Group	
	2019	**2018**
	RM	**RM**
Unquoted shares at cost	35	4,701,206
Share of post-acquisition losses	(35)	(4,239,115)
	-	462,091
Less: Accumulated impairment losses	-	(462,091)
	-	-

During the financial year, the Group focuses on its core businesses which are precision stamping and tooling, PCB and module assembly and renewable energy, and it intent to continue to focus on these segments in the foreseeable future. Consequently, during the financial year, the Group decided to dispose of its interest in Hongze Yiyang Steel Tubes Co., Ltd. and started to source for buyers. Accordingly, investment in this associated company has been reclassified as non-current asset held for sale in current financial year.

The details of the associated companies are as follows:

	Effective equity interest		
	2019	**2018**	
Name of Company	**%**	**%**	**Principal activities**
Hongze Yiyang Steel Tubes Co., Ltd.*	-	25	Production, manufacturing, sales and distribution of seamless steel tubes and pipes.
BSL Bersepadu Sdn. Bhd.	17	17	Investment holding.

* Audited by a firm of auditors other than Mazars.

The financial details of the individual associated company are not disclosed as they are deemed to be immaterial to the Group.

The following amounts represent the income, expenses, assets and liabilities of the material associated company:

Hongze Yiyang Steel Tubes Co., Ltd.	**2018 RM**
Current assets	24,919,157
Non-current assets	11,990,603
Current liabilities	(39,609,039)
Net liabilities	(2,699,279)
Share of net assets of associated companies	-
Revenue	69,586,867
Other income	133,043
Other expenses	(68,592,558)
Profit before tax	1,127,352
Income tax expense	-
Profit after tax	1,127,352
Share of results of associated companies	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

8. INVESTMENT IN JOINT VENTURE

	Group	
	2019 RM	2018 RM
Unquoted shares at cost	4,502,444	4,502,444
Share of post-acquisition reserve	187,142	187,142
	4,689,586	4,689,586
Impairment loss recognised	(4,689,586)	(4,689,586)
	-	-

The Group's share of the current year's losses of joint venture amounted to RM21,587 has not been recognised in the Group's statement of profit or loss and other comprehensive income as equity accounting had ceased when the Group's share of losses of the joint venture exceeded the carrying amount of its investment in the joint venture.

The details of the joint venture company, which is incorporated in Hong Kong, are as follows:

	Effective equity interest		
	2019	2018	
Name of Company	%	%	Principal activities
Petapak Holdings Ltd. ("PHL")*	22.5	22.5	Investment holding company.

The above joint venture is accounted for using the equity method in these consolidated financial statements.

The following amounts represent the income, expenses, assets and liabilities of the joint venture:

	Group	
	2019 RM	2018 RM
Current assets	-	9,512
Current liabilities	(193,500)	(85,737)
Net liabilities	(193,500)	(76,225)
Share of net assets of joint venture	-	-
Revenue	-	6,702
Other income	-	4
Other expenses	(83,569)	(109,469)
Loss before tax	(83,569)	(102,763)
Tax	-	-
Loss after tax	(83,569)	(102,763)
Share of results of joint venture	-	(23,122)

Reconciliation of the above summaries financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	Group	
	2019 RM	2018 RM
Net assets of the joint venture	-	-
Goodwill	4,689,586	4,689,586
Carrying amount of the Group's interest in the joint venture	4,689,586	4,689,586
Impairment loss recognised	(4,689,586)	(4,689,586)
	-	-

8. INVESTMENT IN JOINT VENTURE (CONT'D.)

Goodwill arose from the acquisition of joint venture because the consideration paid for the joint venture effectively included amounts in relation to the expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Goodwill acquired in business combination is allocated to the cash generating unit ("CGU") that are expected to benefit from that business combination.

As the directors deemed the recoverable amount is zero, a full impairment loss had been recognised in 2018.

9. OTHER INVESTMENT

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Equity instruments designated at FVTOCI				
- Quoted shares	-	3,162,887	-	-

The fair value of the quoted shares is Nil as the Group explored and deemed not possible in selling off the shares in the market.

10. INVENTORIES

	Group	
	2019 RM	2018 RM
Raw materials	6,950,064	7,410,914
Work-in-progress	1,926,955	2,437,350
Finished goods	4,039,322	2,887,480
	12,916,341	12,735,744

Cost of inventories recognised as expenses of the Group amounting to RM142,327,164 (2018: RM145,130,159).

The cost of inventories recognised as cost of sales in profit or loss includes RM63,620 (2018: RM129,477) in respect of reversal of inventories write-downs to its net realisable value.

The cost of inventories recognised as cost of sales in profit or loss includes RM110,602 (2018: RM134,068) in respect of inventories write-down to its net realisable value.

The amount of inventories carried at net realisable value is RM30,285 (2018: RM51,491).

11. TRADE RECEIVABLES

	Group	
	2019 RM	2018 RM (Restated)
Trade receivables	34,669,933	36,771,080
Less: Loss allowance	(691,866)	(489,062)
	33,978,067	36,282,018

Included in trade receivables is the non-current asset amounting to RM1,061,993 (2018: RM1,860,934) for construction contracts.

Trade receivables comprise amounts receivable for sales of goods. The average credit period on sales of goods is 30 to 90 (2018: 30 to 90) days. The non-current asset account is unsecured, bears interest at 5.7% (2018: 5.7%) per annum. No interest is charged on the current asset account.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

12. CONTRACT ASSETS/LIABILITIES

	2019 RM	2018 RM (Restated)
Group		
Contract assets		
- Construction contracts	1,070,917	315,943
Contract liabilities		
- Advances received from customers	1,767,800	1,800,000
Movement in contract assets:		
At beginning of the year	315,943	4,212,765
Recognition of revenue	4,521,630	78,718
Additions during the year	618,754	237,225
Transfer to receivables	(4,385,410)	(4,212,765)
	1,070,917	315,943

Revenue is recognised over time, while the customers pay according to contractual milestones which give rise to the timing differences that are recognised as contract assets or contract liabilities.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019 RM	2018 RM (Restated)	2019 RM	2018 RM
Other receivables	575,291	528,020	-	33,503
Dividend receivable	-	-	4,500,000	-
Refundable deposits	627,906	555,479	-	-
GST recoverable	748,395	2,004,284	-	-
Prepayments	1,520,378	2,527,493	20,432	20,833
	3,471,970	5,615,276	4,520,432	54,336

14. AMOUNT OWING BY CORPORATE SHAREHOLDER

The amount owing by corporate shareholder was trade in nature and expected to be settled within the normal credit periods.

15. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The short-term deposits of the Group bear interest at rates ranging from 2.55% to 3.10% (2018: 2.55% to 3.10%) per annum and have maturity period of 90 (2018: 7 to 365) days.

Included in the short-term deposits with licensed banks are deposits amounting to RM538,026 (2018: RM1,106,641) pledged to a licensed bank as collateral for term loans, bank overdrafts and other credit facilities granted to a subsidiary company as mentioned in Notes 21 and 26.

16. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Following the Group's decision to dispose off the 25% equity interest in Hongze Yiyang Steel Tubes Co. Ltd., the investment in this associated company has been reclassified to non-current asset held for sale in 2019. Efforts to sell the investment has commenced during the current financial year.

17. SHARE CAPITAL

	Group and Company 2019 RM	2018 RM
Issued and fully paid:		
98,000,000 ordinary shares	49,000,000	49,000,000
Transfer from share premium pursuant to the Companies Act 2016	1,767,230	-
	50,767,230	49,000,000

18. TREASURY SHARES

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
At 1 September	1,364,113	1,359,113	459,316	456,270
Repurchased during the year	-	5,000	-	3,046
At 31 August	1,364,113	1,364,113	459,316	459,316

During the financial year 2018, the Company purchased 5,000 of its own shares through purchases on Bursa Malaysia Securities Berhad for RM3,046 which has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM0.6092 per share.

19. RESERVES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable reserves:					
Share premium	(i)	-	1,767,230	-	1,767,230
Foreign currency translation reserve	(ii)	(1,129,471)	(1,044,899)	-	-
Fair value reserve	(iii)	(3,154,426)	(160,668)	-	-
Revaluation reserve	(iv)	34,049,495	34,252,198	-	-
		29,765,598	34,813,861	-	1,767,230
Distributable reserve:					
Retained earnings	(v)	28,596,495	27,039,459	12,903,255	(281,040)
		58,362,093	61,853,320	12,903,255	1,486,190

(i) Share premium

Share premium represents the excess of issue price over the par value of shares issued under the Companies Act 1965.

The Group has consolidated the share premium into share capital during the financial year 2019.

(ii) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(iii) Fair value reserve

The fair value reserve arose from fair value changes in FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

19. RESERVES (CONT'D.)

(iv) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

(v) Retained earnings

Any dividend distributed by the Company out of its retained earnings under the single tier tax system is not taxable in Malaysia in the hand of the shareholders.

20. HIRE PURCHASE LIABILITIES

	Group	
	2019 RM	**2018 RM**
Total outstanding	3,856,287	2,033,164
Less: Interest-in-suspense	(260,856)	(112,236)
Principal outstanding	3,595,431	1,920,928
Less: Portion due within the next 12 months (shown under current liabilities)	(1,674,089)	(1,118,346)
Non-current portion	1,921,342	802,582

The non-current portion are repayable as follows:

	Group	
	2019 RM	**2018 RM**
Financial year ending 31 August:		
2020	-	613,073
2021 and thereafter	1,921,342	189,509
	1,921,342	802,582

The term of the hire purchase liabilities is 3 years and interest rates implicit in the hire purchase arrangements range from 2.79% to 5.02% (2018: 3.20% to 5.13%) per annum. The interest rates are fixed at the inception of the hire purchase arrangement.

21. TERM LOANS

	Group	
	2019 RM	**2018 RM**
Total outstanding	8,459,089	11,766,273
Less: Portion due within the next 12 months (shown under current liabilities)	(2,244,776)	(3,362,089)
Portion due after the next 12 months	6,214,313	8,404,184

The non-current portion of the term loans are repayable between 2 to 5 years.

The Group has term loans facilities totalling RM35,300,533 (2018: RM35,300,533) obtained from licensed banks. The term loans of the Group bears interest at rates ranging from 4.00% to 6.35% (2018: 4.00% to 5.38%) per annum.

The details of the outstanding term loans at year end are as follows:

(i) A ten (10) year loan of RM14,670,000 repayable by 120 equal monthly installments of RM122,250 each, commencing in October 2009. The outstanding balance as of 31 August 2019 was RM366,750 (2018: RM1,833,750); and

(ii) A ten (10) year loan of RM9,700,000 repayable by 119 equal monthly installments of RM80,834 each plus a last installment of RM80,754. The first installment commenced on the first day of the first month immediately after full drawdown in June 2013. The outstanding balance as of 31 August 2019 was RM3,637,450 (2018: RM4,607,458).

21. TERM LOANS (CONT'D.)

The abovementioned term loans are secured by fixed charges over certain property, plant and equipment of a subsidiary company (Note 5), a first party legal charge over the freehold land (Note 5), and a corporate guarantee by the Company.

(iii) A ten (10) year loan of RM1,530,533 repayable by 120 equal monthly installments of RM15,975 each, commencing in November 2012. The outstanding balance as at 31 August 2019 was RM560,551 (2018: RM726,498).

The said term loan above is secured by a first party legal charge over the leasehold land of a subsidiary company (Note 5), a pledge of fixed deposit (Note 15) and a corporate guarantee by the Company.

(iv) A seven (7) year loan of RM5,000,000 repayable by 78 equal monthly installments of RM74,014 each, commencing in January 2018. The outstanding balance as at 31 August 2019 was RM3,894,338 (2018: RM4,598,567).

The said term loan above is secured by fixed charges over certain property, plant and equipment of a subsidiary company (Note 5), a pledge of fixed deposit (Note 15) and a corporate guarantee by the Company.

22. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	**2018 RM**
At 1 September	5,030,845	2,428,945
Recognised in profit or loss	845,103	(1,514,583)
Recognised in other comprehensive income ("OCI")	-	4,116,483
At 31 August	5,875,948	5,030,845

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

	Group	
	2019 RM	**2018 RM**
Tax effects of:		
- Excess of capital allowances over accumulated depreciation on property, plant and equipment	4,119,318	2,961,155
- Unabsorbed capital allowances	(1,129,241)	(923,257)
- Unused tax losses	(478,400)	(298,815)
- Revaluation surplus on property, plant and equipment	4,054,430	4,116,483
- Others	(690,159)	(824,721)
	5,875,948	5,030,845

23. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group on purchases of goods ranges from 30 to 90 (2018: 30 to 90) days.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Accrued expenses	2,087,684	3,759,691	195,850	152,934
Deposit	-	28,326	-	-
Other payables	1,058,269	1,406,684	10,882	21,866
Interest payable	21,500	30,500	-	-
GST payable	226,427	631,731	-	-
	3,393,880	5,856,932	206,732	174,800

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

25. PROVISION

	Group 2019 RM	Group 2018 RM
At 1 September/31 August (Note 37 (b))	200,000	200,000

26. BANK BORROWINGS

	Group 2019 RM	Group 2018 RM
Bank overdrafts	289,380	873,169

In addition to the term loans facilities as mentioned in Note 21, the Group has bank overdrafts and other credit facilities which bear interest at the rate of 7.50% (2018: 7.50%) per annum.

The bank overdrafts and other credit facilities are secured by:

(i) Fixed and floating charges over certain property, plant and equipment of a subsidiary company (Note 5);
(ii) Short-term deposits of a subsidiary company (Note 15); and
(iii) Corporate guarantee by the Company.

27. REVENUE

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue from contracts with customers				
(i) Recognised over time				
- construction contract revenue	6,969,426	837,504	-	-
(ii) Recognised at a point in time:				
- Sales of goods and services	151,749,340	156,890,852	-	-
- Sales of electricity	928,170	1,054,676	-	-
	152,677,510	157,945,528	-	-
Dividend income	-	-	13,600,000	100,000
	159,646,936	158,783,032	13,600,000	100,000

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are, as follows:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Revenue recognised over time				
- within one year	4,773,600	2,990,157	-	-
- more than one year	-	61,000	-	-
	4,773,600	3,051,157	-	-

28. FINANCE COSTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest expense on:				
Term loans	500,070	664,413	-	-
Hire purchase liabilities	135,909	138,230	-	-
Bank overdrafts	49,898	65,899	-	-
Financial asset at amortisation cost	-	1,675,520	-	-
Advances from subsidiary companies	-	-	250,703	195,395
	685,877	2,544,062	250,703	195,395

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

29. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is stated after charging:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- Statutory audit	171,368	187,783	51,000	50,000
- Non-statutory audit	5,000	5,000	5,000	5,000
Depreciation of property, plant, and equipment	4,091,664	4,513,213	-	-
Directors' remuneration*	1,462,937	1,487,195	270,500	332,800
Impairment of:				
- Investment in subsidiary companies	-	-	11,636,363	590,000
- Investment in joint venture	-	4,689,586	-	-
Loss allowance:				
- Trade receivables	202,804	-	-	-
- Subsidiary company	-	-	-	5,592,548
Property, plant and equipment written off	2,201	-	-	-
Write-down of inventories	110,602	134,068	-	-
Net loss on foreign exchange				
- Realised	65,466	20,614	-	-
- Unrealised	13,270	999,188	-	459,415

and crediting:

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Reversal of loss allowance				
- Trade receivables	-	100,714	-	-
- Subsidiary companies	-	-	11,208,861	-
Reversal of write-down of inventories	63,620	129,477	-	-
Dividend income	-	-	13,600,000	100,000
Gain on disposal of property, plant and equipment	170,971	97,145	-	-
Net gain on foreign exchange				
- Realised	-	-	86,307	-
Interest income from amortised cost on amount owing by a related party	523,448	478,618	-	-
Interest income from short-term deposits	46,905	91,657	-	-
Interest receivable from subsidiary companies	-	-	1,045,205	738,050
Sales of scrap	3,990,355	4,397,822	-	-

* Directors' remuneration consists of the following:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors:				
Company				
- Fees	137,600	172,000	137,600	172,000
Subsidiary companies				
- Other emoluments	1,192,437	1,154,395	-	-
	1,330,037	1,326,395	137,600	172,000
Non-executive Directors:				
- Fees	128,400	156,300	128,400	156,300
- Other emoluments	4,500	4,500	4,500	4,500
	1,462,937	1,487,195	270,500	332,800

The estimated monetary value of benefit-in-kind received by the directors from the Group amounting to RM21,250 (2018: RM21,250).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

30. TAX EXPENSE/(CREDIT)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense:				
- Current year	2,017,553	2,113,058	160,024	-
- Prior years	165,791	(232,368)	90,860	(6,156)
	2,183,344	1,880,690	250,884	(6,156)
Deferred tax:				
- Current year	(269,562)	(263,602)	-	-
- Prior years	1,114,666	(1,250,983)	-	-
	845,104	(1,514,585)	-	-
Total tax expense/(credit)	3,028,448	366,105	250,884	(6,156)

A reconciliation of tax applicable to profit/(loss) before tax and share of results of associated companies and joint venture at the applicable statutory income tax rate to income tax at the effective income tax rates of the Group and of the Company are as follow:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax and share of results of associated companies and joint venture:	4,525,902	(2,099,318)	13,435,179	(6,108,713)
Taxation at applicable tax rate of 24%	1,086,216	(503,836)	3,224,443	(1,466,091)
Tax effects arising from:				
- Expenses which are not deductible	577,325	2,299,455	289,976	1,667,223
- Income which are not taxable	(14,902)	(230,164)	(3,354,395)	(201,132)
- Deferred tax assets not recognised	163,364	284,001	-	-
- Under/(Over) provision in prior years	1,280,457	(1,483,351)	90,860	(6,156)
- Crystalisation of deferred tax liability on revaluation surplus	(64,012)	-	-	-
	3,028,448	366,105	250,884	(6,156)

As of 31 August 2019, the tax exempt income of the Group are as follow:

	Note	Group	
		2019 RM	2018 RM
Reinvestment allowances	(i)	17,534,630	17,534,630
Tax exempt income	(ii)	342,192	342,192
		17,876,822	17,876,822

(i) Arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967.

(ii) Arising from chargeable income on which tax was waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999.

The above tax exempt income, which is subject to approval by the tax authorities, is available for distribution of tax exempt dividends to the shareholders of the said subsidiary company.

As explained in Note 3, the tax effects of deductible temporary differences, unused tax losses and unutilised tax credits which would give rise to net deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unutilised tax credits can be utilised for set-off.

30. TAX EXPENSE/(CREDIT) (CONT'D.)

Details of unused tax losses and unabsorbed capital allowances of the Group which have not been recognised in the financial statements due to uncertainty of realisation are as follow:

	Group	
	2019 RM	**2018 RM**
Unused tax losses	7,271,600	6,365,283
Unabsorbed capital allowances	10,973,070	10,817,719
Other temporary differences	(563,123)	(182,138)
	17,681,547	17,000,864

The unabsorbed capital allowances and unused tax losses, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income and the unused tax losses can be carried forward and available for use for 7 years starting from the year of assessment of 2019.

31. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

	Group	
	2019 RM	**2018 RM**
Profit/(Loss) attributable to owners of the Company	1,354,333	(1,116,125)
Weighted average number of ordinary shares in issue	96,635,887	96,638,387
Basic earnings/(loss) per ordinary share (sen)	1.40	(1.15)

The basic earnings/(loss) per ordinary share is calculated by dividing the profit attributable to owners of the Company of RM1,354,333 (2018: RM1,116,125) by weighted average number of ordinary shares in issue during the financial year of 96,635,887 (2018: 96,638,387) shares.

32. STAFF COSTS

	Group	
	2019 RM	**2018 RM**
Employee costs	29,532,308	30,873,297
Included in the employee costs are:		
EPF	1,591,572	1,597,645

Staff costs include salaries, contributions to EPF, bonuses and all other staff related expenses.

33. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of Esteem Role Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the holding company.

Related parties comprise:

(a) Entity in which a director of the Company and a subsidiary company has substantial interest;

(b) Entity related to an associated company; and

(c) Non-controlling interests in a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

33. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D.)

Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the significant related party transactions are disclosed follows:

	Group	
	2019 RM	2018 RM
Sales of goods to non-controlling interests of the Group		
- Hightech Factory Automation (M) Sdn. Bhd.	-	535
Expenses paid to companies in which certain directors of a subsidiary company are also directors		
- Ceiba Capital Sdn. Bhd.	54,440	80,391
- RG Excel Sdn. Bhd.	-	10,272
- Seido Solutions Sdn. Bhd.	-	16,483
- Matahari Kencana Sdn. Bhd.	24,000	-
- Eco Shaft (M) Sdn. Bhd.	6,000	-
Total	84,440	107,146
Gross dividends receivable from subsidiary company		
- Ban Seng Lee Industries Sdn. Bhd.	13,600,000	100,000
Interest receivable from subsidiary companies		
- Crestronics (M) Sdn. Bhd.	630,401	471,600
- BSL Eco Energy Sdn. Bhd.	124,469	86,587
- BSL (HK) Limited	290,335	179,863
Total	1,045,205	738,050

34. SEGMENT REPORTING

Business Segments

For management purposes, the Group is organised into the following segments:

(i) Investment holding;

(ii) Stamping and manufacturing of precision metal parts, fabrication of tools and dies and fabrication and forging of base metal components;

(iii) Printed circuit board ("PCB") assembly and assembly of all types of electronics and electrical components, devices and systems;

(iv) Renewable energy; and

(vi) Others (those subsidiary companies that are currently dormant and semi-active respectively).

Inter-segment sales are charged at cost plus a percentage of profit mark-up. Revenue from one major customer group contributed approximately RM34,456,296 (2018: RM35,590,997) of the Group's total revenue.

34. SEGMENT REPORTING (CONT'D.)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and Directors' salaries, profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Group 2019	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Renewable energy RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
External sales	-	138,565,951	13,142,982	7,937,820	183	-	159,646,936
Inter-segment sales	13,600,000	-	2,181	-	-	(13,602,181)	-
Total revenue	13,600,000	138,565,951	13,145,163	7,937,820	183	(13,602,181)	159,646,936
Results							
Segment results	12,640,678	5,251,042	(735,334)	601,048	21,682	(13,137,690)	4,641,426
Finance costs	(250,703)	(423,374)	(889,589)	(1,125,282)	(516,762)	2,519,833	(685,877)
Finance income	1,045,205	1,203,671	-	593,292	248,018	(2,519,833)	570,353
Profit/(Loss) before tax	13,435,180	6,031,339	(1,624,923)	69,058	(247,062)	(13,137,690)	4,525,902
Tax (expense)/ income	(250,884)	(2,665,769)	-	72,316	(159,321)	(24,790)	(3,028,448)
Profit/(Loss) for the year	13,184,296	3,365,570	(1,624,923)	141,374	(406,383)	(13,162,480)	1,497,454
Other information							
Capital additions							
Depreciation of property, plant and equipment	-	3,420,971	124,107	541,535	106,424	(101,373)	4,091,664
Consolidated statement of financial position							
Assets							
Segment assets	63,521,610	139,837,967	5,090,994	22,151,246	9,081,649	(85,480,533)	154,202,933
Unallocated corporate assets	-	90,191	-	730,044	-	(211,794)	608,441
Consolidated total assets							154,811,374
Liabilities							
Segment liabilities	277,916	34,898,853	18,666,498	21,217,585	3,456,618	(38,354,591)	40,162,879
Unallocated corporate liabilities	32,524	6,648,777	-	-	140,907	(493,708)	6,328,500
Consolidated total liabilities							46,491,379
2018							
Revenue							
External sales	-	140,545,345	15,406,513	2,098,059	733,115	-	158,783,032
Inter-segment sales	100,000	-	91,391	-	1,193	(192,584)	-
Total revenue	100,000	140,545,345	15,497,904	2,098,059	734,308	(192,584)	158,783,032
Results							
Segment results	(6,651,369)	7,177,449	(1,253,131)	(490,017)	(5,605,370)	6,696,907	(125,531)
Finance costs	(195,395)	(556,507)	(603,694)	(3,190,479)	(388,911)	2,390,924	(2,544,062)
Share of results of associated companies and joint venture	-		-		-	(23,157)	(23,157)
Finance income	738,050	938,161	4,419	1,152,988	215,634	(2,478,977)	570,275
(Loss)/Profit before tax	(6,108,714)	7,559,103	(1,852,406)	(2,527,508)	(5,778,647)	6,585,697	(2,122,475)
Tax income/(expense)	6,156	(1,144,521)	-	377,366	(59,594)	454,488	(366,105)
(Loss)/Profit for the year	(6,102,558)	6,414,582	(1,852,406)	(2,150,142)	(5,838,241)	7,040,185	(2,488,580)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

34. SEGMENT REPORTING (CONT'D.)

Group 2018 (Cont'd.)	Investment holding RM	Precision stamping and tooling RM	PCB and module assembly RM	Renewable energy RM	Others RM	Eliminations RM	Consolidated RM
Other information							
Capital additions	-	3,295,724	90,583	8,726	-	-	3,395,033
Depreciation of property, plant and equipment	-	3,488,511	483,499	539,042	105,454	(103,293)	4,513,213
Consolidated statement of financial position							
Assets							
Segment assets	56,212,135	147,721,131	9,749,562	23,165,814	10,083,180	(84,568,187)	162,363,635
Unallocated corporate assets	49,500	-	-	255,000	37,082	(211,794)	129,788
Consolidated total assets							162,493,423
Liabilities							
Segment liabilities	6,234,761	33,032,734	18,706,384	22,237,810	15,583,796	(48,549,997)	47,245,488
Unallocated corporate liabilities	-	6,013,156	-	(339,325)	117,523	(454,487)	5,336,867
Consolidated total liabilities							52,582,355

35. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases premises from third parties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 2 years, with the option to renew. None of the leases include contingent rentals. There are no restrictions placed upon the Company by entering into these leases.

The future minimum lease payments payable under the non-cancellable operating leases contracted for as at the reporting date not recognised as liabilities, are as follows:

	Group	
As lessee	2019 RM	2018 RM
Not later than one year	169,800	127,400
Later than one year but not later than 5 years	369,000	340,800
Later than 5 years	1,221,000	1,306,400
	1,759,800	1,774,600

36. CAPITAL COMMITMENT

As of 31 August, the Group has the following capital commitment:

	Group	
	2019 RM	2018 RM
Approved and contracted for:		
Purchase of plant and machinery and motor vehicles	54,408	163,000

37. CONTINGENT LIABILITIES

(a) As of 31 August, the Company has the following contingent liabilities:

	Company	
	2019 RM	2018 RM
Unsecured corporate guarantees given to:		
Licensed banks for credit facilities granted to subsidiary companies	12,343,900	14,560,370

(b) On 19 December 2014, CMSB received bills of demand from the relevant authority demanding payment of sales tax and import duty amounting to RM11,100,000 for the period December 2011 to July 2014 of which CMSB disputed. The directors have been in discussion with the relevant authority and have provided all necessary documentation to support their view. The directors of the Company have obtained advice from a consultant, and based on the advice received, the directors are of the view that CMSB should only be liable for up to RM200,000 and a provision for this had been made in the financial statements (Note 25 to the financial statements). The remaining balance of the claim of RM10,900,000 represents a contingent liability which is subject to appeal to the authority.

On 30 December 2014, CMSB appealed to the relevant authority. Subsequently, on 15 September 2015, the authority rejected the appeal with no specific reason mentioned.

On 5 November 2015, CMSB appealed to the relevant authority again. However, on 28 June 2017, CMSB received a letter from the relevant authority that the appeal against the bills of demand has been rejected and further appeal will not be considered. Thereafter, the directors engaged another consultant to look into this matter to appeal to Minister of Finance.

On 30 January 2018, CMSB submitted remission application to the Ministry of Finance. Subsequently, on 10 April 2018, Ministry of Finance rejected the application with no specific reason mentioned.

On 5 July 2018, CMSB, through its appointed solicitor filed in an application for judicial review to the High Court. During the leave hearing for judicial review held on 19 September 2018, the High Court granted leave and an interim stay for the enforcement of bills of demand until the disposal of the inter-partes stay hearing. The High Court has fixed for the Minister of Finance to file its affidavit in reply by 21 December 2018 whereas CMSB is required to file its further affidavit in reply by 11 January 2019. The High Court also fixed for case management on 28 January 2019.

On 28 January 2019, the High Court fixed for CMSB to file its affidavit in reply by 21 February 2019. CMSB and Minister of Finance and Director-General of Customs, Royal Malaysia Customs Department are required to attend another case management on 15 March 2019 and hearing on 29 March 2019.

On 22 March 2019, the High Court had adjourned the hearing to 21 May 2019.

On 21 May 2019, the High Court fixed the decision date to be held on 9 July 2019 but subsequently adjourned to 17 October 2019 after a few adjournments.

On 17 October 2019, the High Court set another case management on 5 November 2019 for the new judge to decide whether to hear the case afresh or to deliver the decision based on notes prepared by the previous judge whom had been elevated to the Court of Appeal.

On 5 November 2019, the High Court has set 6 January 2020 for further clarification and to deliver the decision.

Based on the available facts and information as of the date of this report, the solicitor is of the opinion that CMSB has arguable grounds and basis to contend that there is no legal and factual basis for the Minister of Finance to reject CMSB's remission application. Consequently, no further provision has been provided. In the event that the appeal is not successful, CMSB is liable for the remaining balance of the claim of RM10,900,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2019 RM	**2018 RM (Restated)**	**2019 RM**	**2018 RM**
Financial assets				
At amortised cost:				
Trade receivables	33,978,067	36,282,018	-	-
Other receivables and deposits	1,203,197	1,083,499	-	33,503
Dividend receivable	-	-	4,500,000	-
Amount owing by subsidiary company	-	-	14,267,693	11,619,846
Amount owing by corporate shareholder	-	24,501	-	-
Short-term deposits with licensed banks	538,026	2,335,246	-	-
Cash and bank balances	10,446,262	9,531,935	317,887	122,355
	46,165,552	49,257,199	19,085,580	11,775,704
At FVTOCI:				
Other investments	-	3,162,887	-	-
Total	46,165,552	52,420,086	19,085,580	11,775,704
Financial liabilities				
At amortised cost:				
Trade payables	22,853,943	24,828,186	-	-
Other payables and accruals	3,167,453	5,196,875	206,732	174,800
Amount owing to subsidiary companies	-	-	71,185	6,059,961
Hire purchase liabilities	3,595,431	1,920,928	-	-
Bank borrowings	289,380	873,169	-	-
Term loans	8,459,089	11,766,273	-	-
	38,365,296	44,585,431	277,917	6,234,761

(b) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying amounts of the Group's and of the Company's financial assets and liabilities as reported in the statement of financial position as of 31 August 2018 approximate their fair values because of the short maturity terms of these instruments except as follows:

	2019		2018	
Group	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial asset				
Other investment	-	-	3,162,887	3,162,887
Financial Liabilities				
Hire purchase liabilities	3,595,431	3,915,851	1,920,928	2,007,092
Term loans	8,459,089	10,035,420	11,766,273	13,898,154
Total	12,054,520	13,951,271	13,687,201	15,905,246

The fair value of the above financial assets and liabilities are estimated by level 3 input which is in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

38. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair value of financial instruments (Cont'd.)

The fair value of the Group's financial assets and financial liabilities are determined as follow:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, group into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**
31 August 2019				
Financial assets				
Other investment	-	-	-	-
31 August 2018				
Financial assets				
Other investment	3,162,887	-	-	3,162,887

There were no transfers between levels 1, 2 and 3 during the financial year.

The fair value of other investment is measured based on quoted bid price in active market.

The fair value of the derivative financial liability are estimated based on discounted cash flow analysis. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of reporting period) and contract interest rates.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose them to a variety of financial risks including credit risk, interest rate risk, foreign currency exchange risk and liquidity and cash flow risk arising in the normal course of the businesses.

The directors monitor the Group's and the Company's financial position closely with the objective to minimise potential adverse effects on the financial performance of the Group and the Company. The directors review and agree policies for managing each of these risks and they are summarised below:

(i) Credit risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group and the Company have a gain position.

The entire financial assets of the Group and the Company are exposed to credit risk except for cash and bank balances and short term deposits which are placed with licensed banks in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Credit risk (Cont'd.)

Trade receivables and contract assets

The Group's exposure to credit risk is monitored on an ongoing basis. The Group has credit risk policies in place to manage credit risk exposure. The risk is managed through the application of the Group's credit management procedures which include regular monitoring and follow up procedures.

An impairment analysis is performed at each reporting date to measure the expected credit losses. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

The Group has no major concentration of credit risk except for amounts due from Eight (2018: Seven) trade receivables which constitute approximately RM28,595,283 (2018: RM29,239,205) or 83% (2018: 80%) of gross trade receivables at the end of the reporting period.

The Group carefully selects the projects in which they intend to participate. The selection is based on criteria that are reviewed periodically to take into account developments in the market. The Group also manages its credit risk exposure by maintaining good business relationship with its customers and debtors. This approach has enabled the Group to manage its credit risk more effectively in addition to the above credit risk management procedures.

For other activities, the Group minimises and monitors its credit risks by dealing with credit worthy counterparties, setting credit limits on exposures, applying credit approval controls and obtaining collateral or security deposits where appropriate. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

The ageing analysis of receivables as at the reporting date which is trade in nature is as follows:

2019	Gross carrying amount RM	Loss allowance RM
Not past due	34,688,895	-
Less than 30 days past due	285,315	-
31 to 60 days past due	21,385	-
61 to 90 days past due	41,791	-
91 to 120 days past due	7,568	-
More than 121 days past due	4,030	-
Credit impaired		
Individually impaired	691,866	691,866
	35,740,850	691,866
Contract asset	1,070,917	-
Trade receivables	34,669,933	691,866
	35,740,850	691,866
2018		
Not past due	35,714,216	-
Less than 30 days past due	147,134	-
31 to 60 days past due	45,194	-
61 to 90 days past due	183,916	-
91 to 120 days past due	261,541	-
More than 121 days past due	245,960	-
Credit impaired		
Individually impaired	489,062	489,062
	37,087,023	489,062
Contract asset	315,943	-
Trade receivables	36,771,080	489,062
	37,087,023	489,062

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(i) Credit risk (Cont'd.)

Movement in allowance for doubtful debts:

	2019 RM	2018 RM
At 1 September	489,062	718,015
Addition	202,804	-
Reversal	-	(100,714)
Written off	-	(128,239)
At 31 August	691,866	489,062

Ageing of impaired trade receivables:

	2019 RM	2018 RM
Past due more than 30 days	98,805	-
Past due more than 60 days	85,618	-
Past due more than 90 days	507,443	489,062
	691,866	489,062

The Company is also exposed to credit risk in relation to corporate guarantees in respect of bank facilities granted to the subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an on-going basis. The maximum exposure to credit risk is amounting to RM12,343,900 (2018: RM14,560,370).

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Interest rate risk arises only from the Group's term loans, hire purchase liabilities, bank borrowings and short-term deposits with licensed banks.

Interest rate sensitivity

If interest rates had been 50 (2018: 50) basis points higher/lower and all other variables were held constant, the Group's profit/loss for the year ended 31 August 2019 would decrease/increase by RM59,029 (2018: RM67,269). This is mainly attributable to the Group's exposure to variable interest rates on its short-term deposits and borrowings.

(iii) Foreign currency exchange risk

The Group undertakes trade transactions which are denominated in foreign currency.

The Group's financial assets and financial liabilities denominated in foreign currencies are disclosed in the respective notes.

The sensitivity rate used by the Group when reporting foreign currency risk internally to key management personnel is 10% (2018: 10%) and represents management's assessment of the reasonably possible change in foreign exchange rates.

If the United States Dollar (2018: United States Dollar) was to change by 10% up or down against the Ringgit Malaysia, the Group's loss/profit for the year will increase/decrease by RM45,483 (2018: RM101,942).

(iv) Liquidity and cash flow risk

Liquidity and cash flow risk are the risk that the Group and the Company will not be able to meet their financial obligations when they fall due. The Group's and the Company's exposure to liquidity and cash flow risk arises principally from their various payables.

The Group practises prudent liquidity and cash flow risk management to minimise the mismatch of financial assets and liabilities and maintain sufficient credit facilities as represented by the carrying amounts in the statement of financial position for contingent funding requirement of working capital.

The management has determined the differentials and estimated the fair value of the intra group financial guarantees to be immaterial and the requirements to reimburse is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(iv) Liquidity and cash flow risk (Cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at 31 August based on the contractual undiscounted cash flows.

Group 2019	Less than 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM
Trade payables	22,853,943	-	-	22,853,943
Other payables and accruals	3,167,453	-	-	3,167,453
Bank borrowings	289,380	-	-	289,380
Hire purchase liabilities	1,839,766	2,016,520	-	3,856,286
Term loans	2,598,206	6,753,849	-	9,352,055
	30,748,748	8,770,369	-	39,519,117
2018				
Trade payables	24,828,186	-	-	24,828,186
Other payables and accruals	5,196,875	-	-	5,196,875
Bank borrowings	873,169	-	-	873,169
Hire purchase liabilities	1,197,380	838,826	-	2,036,206
Term loans	3,859,573	8,544,880	740,142	13,144,595
	35,955,183	9,383,706	740,142	46,079,031
2019				
Other payables and accruals	206,732	-	-	206,732
Amount owing to subsidiary companies	71,185	-	-	71,185
	277,917	-	-	277,917
2018				
Other payables and accruals	174,800	-	-	174,800
Amount owing to subsidiary companies	6,059,961	-	-	6,059,961
	6,234,761	-	-	6,234,761

The contractual undiscounted repayment obligations arising from financial guarantee given to banks in respect of corporate guarantees and undertaking provided by the Company to certain subsidiary companies amounted to RM12,343,900 (2018: RM14,560,370). There is no indication that the subsidiary companies will default on repayment. In the event of a default by the subsidiary companies, the financial guarantees could be called on demand.

40. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern in order to provide returns for shareholders and to sustain future development of the business.

The capital structure of the Group and the Company comprising share capital, reserves and retained earnings.

Management reviews and manages the capital structure regularly. To maintain or adjust the capital structure, the Group and the Company may adjust the payment of dividends or issue of new shares.

40. CAPITAL MANAGEMENT (CONT'D.)

The Group's total debt-to-equity ratios at 31 August 2019 were as follow:

	2019 RM	2018 RM
Debt:		
Term loans	8,459,089	11,766,273
Hire purchase liabilities	3,595,431	1,920,928
Bank borrowings	289,380	873,169
	12,343,900	14,560,370
Equity attributable to owners of the Company	108,670,007	110,394,004
Debt to equity ratio (%)	11%	13%

The Company has no gearing as at 31 August 2019 and 2018.

41. ADOPTION OF NEW STANDARDS

MFRS 9 Financial Instruments

MFRS 9 Financial Instruments addressed the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities.

MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. Generally, the classification is determined at initial recognition. The classification depends on the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial assets. The classification of the financial assets according to MFRS 9 did not have significant impact on the Group.

MFRS 9 introduced ECL model on impairment of financial assets, that replaces the incurred loss model applied previously, i.e. a loss event needs not occur before an impairment loss is recognised. For trade receivables and lease receivables, the Group applied simplified approach under MFRS 9 where the loss allowances are measured at amounts equal to their lifetime ECL. The adoption of MFRS 9 did not have significant impact to the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 replaces MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)

FOR THE YEAR ENDED 31 AUGUST 2019

41. ADOPTION OF NEW STANDARDS (CONT'D.)

The financial effects of MFRS 15 are disclosed as below:

Group

Impact on Consolidated Statement of Financial Position as at 1 September 2017

	Reported previously RM	Effects of adoption of MFRS 15 RM	Restated RM
Contract asset	-	4,212,765	4,212,765
Trade receivables	35,580,246	(430,215)	35,150,031
Amount due from customers on contract	3,325,000	(3,325,000)	-
Other receivables, deposits and prepayments	3,051,127	(457,550)	2,593,577

Impact on Consolidated Statement of Financial Position as at 31 August 2018

	Reported previously RM	Effects of adoption of MFRS 15 RM	Restated RM
Contract asset	-	315,943	315,943
Trade receivables	36,360,736	(78,718)	36,282,018
Other receivables, deposits and prepayments	4,608,526	1,006,750	5,615,276
Contract liabilities	-	1,800,000	1,800,000
Amount owing to customers on contract	556,025	(556,025)	-

42. COMPARATIVES

During the year, the Group and the Company changed the presentation of the statements of profit or loss and other comprehensive income from "nature of expense" method to "function of expense" method.

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 19 December 2019 by the Board of Directors.

STATEMENT BY DIRECTORS

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

We, Ngiam Tong Kwan and Ngiam Tee Wee, being two of the directors of BSL Corporation Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 59 to 106 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

NGIAM TONG KWAN	**NGIAM TEE WEE**
Director	Director

Kuala Lumpur

Date: 19 December 2019

STATUTORY DECLARATION

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

I, Ngiam Tee Wee (I/C No.: 680302-10-5097), being the director primarily responsible for the financial management of BSL Corporation Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 59 to 106 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared	)
by the abovenamed	)
Ngiam Tee Wee	)
at Kuala Lumpur	)
in the Federal Territory	)
on this 19 December 2019	) **NGIAM TEE WEE**

Before me:

(Commissioner of Oaths)

LIST OF PROPERTIES

	Name of registered owner / beneficial owner	Location / Geran No.	Description / Existing use	Land / built-up area (sqm)	Approximate age of building (years)	Date of acquisition / revaluation	Audited NBV as at 31 Aug 2019 (RM)
1	Ban Seng Lee Industries Sdn. Bhd.	a. Lot 4220, Persimpangan Jalan Batu Arang, Lebuhraya PLUS, 48000 Rawang, Selangor Darul Ehsan. Geran No.50480, Lot No.4220, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan.	Freehold land built upon with 2-storey office building annexed to single-storey detached factory and ancillary building.	19,551/11,941	22	26 Aug 2009 / 31 Aug 2018	69,210,000
		b. Lot 4212, Persimpangan Jalan Batu Arang, Lebuhraya PLUS, 48000 Rawang Selangor Darul Ehsan. Geran No.27631, Lot 4212, Mukim Rawang, Daerah Gombak, Selangor Darul Ehsan	Freehold land built upon with 2-storey factory building annexed to single-storey warehouse and ancillary buildings.	24,995/11,148	7	20 Sep 2010 / 31 Aug 2018	
2	Unique Forging & Components Sdn. Bhd.	HSD 62560, Lot No. PT1985, Mukim Bandar Kundang, Daerah Gombak, Selangor Darul Ehsan.	Vacant leasehold land	1.214 hectares	-	31 Oct 2012 / 31 Aug 2018	3,856,000

ANALYSIS OF SHAREHOLDINGS

AS AT 4 DEC 2019

Issued Share Capital	: RM49,000,000 (Including 1,364,113 treasury shares held)
Class of shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	9	0.793	334	0.000
100 - 1,000	483	42.592	116,710	0.120
1,001 - 10,000	348	30.687	1,967,212	2.035
10,001 - 100,000	223	19.664	7,440,640	7.699
100,001 - 4,831,793 *	70	6.172	37,130,991	38.423
4,831,794 and above **	1	0.088	49,980,000	51.719
TOTAL :	1,134	100.000	96,635,887	100.000

* Less Than 5% of Issued Shares
** 5% and Above of Issued Shares

LIST OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Direct Shareholdings		Indirect Shareholdings	
Names	No. of Shares	%	No. of Shares	%
Esteem Role Sdn. Bhd.	49,980,000	51.72	-	-
Ngiam Tong Kwan	2,556,315	2.65	49,980,000 *	51.72
Nyeam Tong Eng @ Ngiam Tong Yang	269,361	0.28	49,980,000 *	51.72
Teh Eng Hock	944,361	0.98	49,980,000 *	51.72

* Deemed interest through their substantial shareholdings in Esteem Role Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016.

LIST OF DIRECTORS' SHAREHOLDINGS

	Direct Shareholdings		Indirect Shareholdings	
Names	No. of Shares	%	No. of Shares	%
Ngiam Tong Kwan	2,556,315	2.65	53,977,670 *	55.86
Ngiam Tee Wee	2,285,100	2.36	-	-
Ngiam Tee Yang	100,000	0.10	-	-
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	100,000	0.10	-	-
Teh Yoon Loy	711,347	0.74	-	-
To' Puan Rozana Bte Tan Sri Redzuan	-	-	-	-
Ng Wai Pin	-	-	17,000 **	0.02

* Deemed interest through his substantial shareholding in Esteem Role Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016, and by virtue of the shareholdings held by his spouse and child in the Company.
** Deemed interest by virtue of the shareholding held by his spouse in the Company.

ANALYSIS OF SHAREHOLDINGS (CONT'D.)

AS AT 4 DEC 2019

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Shareholdings	%
1	ESTEEM ROLE SDN. BHD.	49,980,000	51.719
2	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEH PEN SIM (M14)	3,880,670	4.015
3	NGIAM TONG KWAN	2,556,315	2.645
4	NGIAM TEE WEE	2,285,100	2.364
5	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	2,261,500	2.340
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH HOON GHEE (M14)	1,347,900	1.394
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN PAIK KUN (7004806)	1,241,000	1.284
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANDREW CLEMENT GOMEZ	1,066,200	1.103
9	KIM POH HOLDINGS SDN BHD	1,000,000	1.034
10	YAP SEE SEE	900,000	0.931
11	CHANG YOKE MOOI	890,437	0.921
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR P.PREM ANAND PILLAI	889,600	0.920
13	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WOO YAM SANG	868,000	0.898
14	TAN SEE CHONG	834,900	0.863
15	CHANG YOKE LAN	800,000	0.827
16	CHEANG WAN YING	800,000	0.827
17	KONG CHUN WAH	766,800	0.793
18	CHANG MOOI YOONG	750,100	0.776
19	KOH AH MEE @ HOH AH MEE	689,800	0.713
20	TEH ENG HOCK	675,000	0.698
21	TEH YOON LOY	675,000	0.698
22	S'NG KING KIOK	613,700	0.635
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHEN NGAN (7004819)	580,000	0.600
24	CHAN SHAO YANG	572,000	0.591
25	WOO YAM SANG	546,400	0.565
26	GOH TOH LIM	505,000	0.522
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE FOONG SENG (REM646)	424,000	0.438
28	TAN KIM TIANG	423,000	0.437
29	LEE SOON HOOK	370,000	0.382
30	S'NG SHEW KIM	369,000	0.381

SHARES IN THE HOLDING COMPANY, ESTEEM ROLE SDN. BHD.

Registered in name of Directors

Names	Ordinary Shares
Ngiam Tee Wee	7,000
Ngiam Tee Yang	5,000
Ngiam Tong Kwan	25,472
Teh Yoon Loy	7,060

BSL CORPORATION BHD 200401012615 (651118-K)

CDS Account No.
No. of Shares held

FORM OF PROXY

I/We .... Tel. No.: ....

(Full name in block and NRIC No. / Company No.)

of ....

(Address)

being a member/members of **BSL CORPORATION BERHAD** hereby appoint ....

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Meeting Room, Ground Floor, Hotel S. Damansara, No. 1, Jalan Cempaka SD 12/5, Bandar Sri Damansara, PJU 9, 52200 Kuala Lumpur on Thursday, 6 February 2020 at 9.00 a.m. or any adjournment thereof, and to vote as indicated below:-

Item	Agenda	Resolution	FOR	AGAINST
	Ordinary Business	Ordinary		
1.	Re-election of Ngiam Tong Kwan who retires pursuant to Clause 76 (3) of the Company's Constitution as Director.	Ordinary		
2.	Re-election of Teh Yoon Loy who retires pursuant to Clause 76 (3) of the Company's Constitution as Director.	Ordinary		
3.	Payment of Directors' Fees for the financial year ending 31 August 2020.	Ordinary		
4.	Payment of Directors' benefits from 7 February 2020 until the next Annual General Meeting of the Company.	Ordinary		
5.	Re-appointment of Messrs Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary		
	Special Business			
6.	Authority for Directors to allot and issue shares pursuant to Sections 75 & 76 of the Companies Act, 2016.	Ordinary		
7.	Approval for Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir to continue to act as an Independent Non-Executive Director.	Ordinary		
8.	Approval for To' Puan Rozana Bte Tan Sri Redzuan to continue to act as an Independent Non-Executive Director.	Ordinary		
9.	Approval for Ng Wai Pin to continue to act as an Independent Non-Executive Director.	Ordinary		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolution. In the absence of specific direction, your proxy may vote or abstain as he thinks fit.

Signed this ....

....

Signature of member (s)/Common Seal

Contact Number:

** Manner of execution:*

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  (i) at least two (2) authorised officers, of whom one shall be a director; or
  (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:-

1. For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 30 January 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:
   (i) In hard copy form
   In the case of an appointment made in hard copy form, this proxy form must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
   (ii) By electronic means via facsimile
   In the case of an appointment made by facsimile transmission, this proxy form must be received via facsimile at 03-2783 9222.
   (iii) By electronic means via email
   In the case of an appointment made via email transmission, this proxy form must be received via email at is.enquiry@my.tricorglobal.com
   (iv) By electronic means via Tricor System, TIIH Online
   In the case of an appointment made via TIIH Online, this proxy form must be deposited via TIIH Online at https://tiih.online. Please refer to the Annexure to the Form of Proxy for further information.

   For options (ii) and (iii), the Company may request any member to deposit original executed proxy form to its registered office before or on the day of meeting for verification purpose.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is Tuesday,4 February 2020 at 9.00 a.m.
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
    (a) Identity card (NRIC) (Malaysian), or
    (b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    (c) Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

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STAMP

The 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

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BSL CORPORATION BHD 200401012615 (651118-K)

BSL CORPORATION BERHAD 200401012615 (651118-K)

Unit 30-01, Level 30, Tower A, Vertical Busines Suite, Avenue 3,
Bangsar South, No 8, Jalan Kerinchi, 59200 Kuala Lumpur.