BGMC International Limited
璋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1693)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue of the Group decreased from RM509.3 million in FY2018 (restated) to RM353.7 million in FY2019.
- The Group turned from a gross profit of RM41.6 million in FY2018 (restated) to a gross loss of RM13.7 million in FY2019.
- Loss attributable to the owners of the Company was RM53.1 million in FY2019 as compared with a loss of RM4.1 million in FY2018 (restated).
- Basic loss per share was RM2.95 sen in FY2019 and basic loss per share was RM0.23 sen in FY2018.
- The comparative figures and prior years' figures presented in the consolidated financial statements for FY2019 have been restated. The details are highlighted in Note 16 in the Notes to the Consolidated Financial Statements.

The board of directors of BGMC International Limited ("**Company**", "**Directors**" and "**Board**", respectively) announces the consolidated results of the Company and its subsidiaries (collectively, "**Group**" or "**BGMC**") for the financial year ended 30 September 2019 ("**FY2019**"), together with the restated comparative figures for the financial year ended 30 September 2018 ("**FY2018**"). The financial results have been reviewed by the Company's audit committee ("**Audit Committee**") and approved by the Board on 20 February 2020. All amounts set out in this announcement are presented in Malaysian Ringgit ("**RM**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	**2019** ***RM***	2018 *RM* (Restated)
Revenue	4	**353,737,968**	509,305,107
Cost of sales		**(367,463,123)**	(467,671,170)
Gross (loss)/profit		**(13,725,155)**	41,633,937
Income from concession agreements	4	**42,760,635**	43,077,064
Other income		**3,902,172**	2,891,032
Administrative and other expenses		**(61,120,540)**	(69,427,702)
Impairment losses of financial assets and contract assets, net		**(1,763,440)**	–
Other losses, net		**(4,081,461)**	(3,009,929)
Finance costs		**(18,984,639)**	(18,633,422)
Loss before tax	5	**(53,012,428)**	(3,469,020)
Income tax expense	6	**(2,263,740)**	(7,054,719)
Loss and total comprehensive loss for the year		**(55,276,168)**	(10,523,739)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company		**(53,062,778)**	(4,145,291)
Non-controlling interests		**(2,213,390)**	(6,378,448)
		(55,276,168)	(10,523,739)
Loss per share			
Basic (sen)	7	**(2.95)**	(0.23)
Diluted (sen)	7	**(2.95)**	(0.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Notes	**30.9.2019** *RM*	30.9.2018 *RM* (Restated)	1.10.2017 *RM* (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	8	**36,056,623**	45,665,243	49,157,711
Investment property under construction		**507,297**	130,985	–
Goodwill		**2,154,870**	6,911,916	9,244,406
Investment in associates	18	**2**	–	–
Investment in redeemable convertible preference shares		**6,613,439**	–	–
Intangible assets		**12,834,693**	11,267,488	18,462,961
Trade receivables	9	**277,358,306**	277,875,497	281,422,452
Share application monies		**2,885,900**	–	–
Deferred tax assets		**3,601,871**	–	–
Derivative assets		**2,364,940**	–	–
Total Non-Current Assets		**344,377,941**	341,851,129	358,287,530
Current Assets				
Investment in redeemable convertible preference shares		**15,431,359**	–	–
Inventories	10	**15,439,794**	19,299,741	–
Trade and other receivables, deposits and prepaid expenses	9	**139,113,819**	190,907,284	190,221,253
Amount owing by customers for contract works		**–**	199,844,148	228,755,297
Contract assets		**301,631,477**	–	–
Tax recoverable		**13,784,254**	7,341,401	–
Fixed deposits		**39,657,805**	49,426,960	132,591,798
Cash and bank balances		**24,274,634**	69,517,790	24,056,670
Total Current Assets		**549,333,142**	536,337,324	575,625,018
Total Assets		**893,711,083**	878,188,453	933,912,548

	Notes	**30.9.2019**	30.9.2018	1.10.2017
		RM	*RM*	*RM*
			(Restated)	(Restated)
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	11	**9,862,255**	9,862,255	9,862,255
Reserves		**256,695,982**	311,205,990	328,660,526
Equity attributable to owners of the Company		**266,558,237**	321,068,245	338,522,781
Non-controlling interests		**(545,518)**	(470,373)	5,908,070
Total Equity		**266,012,719**	320,597,872	344,430,851
Non-Current Liabilities				
Obligations under finance leases		**2,227,309**	8,127,797	19,272,423
Borrowings		**–**	204,666,657	223,177,728
Deferred tax liabilities		**11,750,810**	9,651,351	8,463,083
Derivative liabilities		**2,700,000**	–	–
Total Non-Current Liabilities		**16,678,119**	222,445,805	250,913,234
Current Liabilities				
Contract liabilities		**7,120,062**	–	–
Amount owing to customers for contract works		**–**	11,724,155	24,531,615
Trade and other payables	12	**257,832,978**	249,050,665	256,832,500
Obligations under finance leases		**6,394,446**	10,612,111	12,564,077
Borrowings		**301,438,389**	62,908,815	31,617,724
Share application monies		**37,229,810**	–	–
Tax liabilities		**1,004,560**	849,030	13,022,547
Total Current Liabilities		**611,020,245**	335,144,776	338,568,463
Total Liabilities		**627,698,364**	557,590,581	589,481,697
Total Equity and Liabilities		**893,711,083**	878,188,453	933,912,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares in issue are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 August 2017. The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 18 November 2016.

The addresses of the Company's registered office and principal place of business are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia, respectively.

The Company is an investment holding company and the Group is principally engaged in the provision of a wide range of construction services in Malaysia.

The consolidated financial statements are presented in RM which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group for FY2019 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Hong Kong Companies Ordinance.

Going Concern Assumption

During FY2019, the Group incurred a loss before tax of RM53.0 million and net cash used in operating activities of RM55.9 million. As at 30 September 2019, the Group recorded net current liabilities of RM61.7 million. The net current liabilities arising mainly from a technical breach of a financial covenant ("**Technical Breach**") as stipulated in the relevant loan agreement entered into by KAS Engineering Sdn. Bhd., a wholly owned subsidiary, for a term loan amounting to RM205 million, out of which RM180 million was reclassified from non-current liabilities to current liabilities. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The management of the Company has commenced discussion with the lender for a waiver of the Technical Breach. The Group has yet to receive the written waiver as of the date of this announcement.

The basis for the preparation of the consolidated financial statements of the Group is, therefore, dependent upon the written consent to waive Technical Breach by the relevant bank ("**Consent**") being obtained, the operations of the Group to generate sufficient cash flows in the future to fulfill its obligations as and when they fall due and the continued financial support from its lenders and creditors.

In the event that these conditions are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the consolidated financial statements of the Group for FY2019 may require adjustments relating to the realisable amount and classification of recorded assets and to provide for further liabilities that may be necessary should the Group be unable to continue as a going concern.

The Directors are of the opinion that the preparation of the consolidated financial statements of the Group on a going concern basis remains appropriate as they believe that the Group will obtain the Consent and the Group will obtain the continued financial support from the lenders and creditors, which will enable the Group to operate profitably in the foreseeable future, and accordingly, realise its assets and discharge its liabilities in the normal course of business.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

For the purpose of preparing and presenting the consolidated financial statements for the FY2019, the Group has consistently applied all new and amendments to IFRSs and interpretation issued by the International Accounting Standards Board ("**IASB**"), which are effective for annual accounting periods beginning on or after 1 October 2018 throughout the year.

Adoption of New and Amendments to IFRSs

In FY2019, the Company has adopted all the new and amendments to IFRSs and interpretation issued by the IASB that are relevant to its operations and effective for annual financial period beginning on or after 1 October 2018 as follows:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contract with Customers and the related Amendments
Amendments to IFRS 2	Clarification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014–2016 Cycle
Amendments to IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration

The adoption of these new and amendments to IFRSs and interpretation did not result in significant changes in the accounting policies of the Group and have no significant effect on the consolidated financial performance or position of the Group except for the changes arising from the adoption of new IFRSs namely IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* as described below:

IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. It introduces new requirements for: (a) classification and measurement of financial assets; and (b) impairment of financial assets and other items (contract assets and financial guarantee contracts).

The Group has applied modified retrospective approach under IFRS 9 to items that existed at 1 October 2018 in accordance with the transition provisions. Differences between the previous reported carrying amounts and the new carrying amounts under IFRS 9 at 1 October 2018 are recognised as adjustments to the opening balance of retained earnings as at 1 October 2018. Comparative information is not restated.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

The key changes to the Group's accounting policies are on the classification and measurement, and impairment of the Group's financial assets and other items, as further explained below:

(a) *Classification and measurement of financial assets*

The Group classified its financial assets for debt instruments such as receivables and cash and bank balances that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost, as follows:

	1 October 2018 *RM* (Restated)	**Existing classification under IAS 39**	**New classification under IFRS 9**
Financial Assets	585,223,707	Loan and receivables	Amortised cost

(b) *Impairment of financial assets, contract assets and financial guarantee contracts under Expected Credit Losses ("**ECL**") model*

The Group applies the IFRS 9 simplified approach to measure ECL, which uses a lifetime ECL for all contract assets and trade receivables. Contract assets and trade receivables have been assessed based on the Group's assessment on the internal credit rating determined using individual customer's credit risk by considering the customers' financial performance and past collection records, adjusted for factors that are specific to the customers and any forward looking information. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated loss rates for the trade receivables and contract assets on the same basis.

ECL for other financial assets at amortised cost, including bank balances and fixed deposits, other receivables and refundable deposits, are assessed on 12-month ("**12m**") ECL basis as there had been no significant increase in credit risk since initial recognition.

As of 1 October 2018, additional credit loss allowances (net of deferred tax liabilities of RM346,210) of RM2,253,980 has been recognised against retained earnings and non-controlling interests. The additional loss allowances of RM2,600,190 are charged against the respective assets.

The result of the assessment performed by the Group are as follows:

Items that existed as at 1 October 2018 that were subject to the impairment provision of IFRS 9	**Credit risk attributed at 1 October 2018**	**Carrying amounts as at 30 September 2018** *RM* (Restated)	**Carrying amounts as at 1 October 2018** *RM* (Restated)
Current Assets			
Trade receivables	Refer to*	442,218,350	440,680,070#
Other receivables and refundable deposits	Low credit risk^	24,060,607	24,060,607
Amount owing by customers for contract works		199,844,148	–
Contract assets	Refer to*	–	198,782,238#
Fixed deposits	Low credit risk@	49,426,960	49,426,960
Cash and bank balances	Low credit risk@	69,517,790	69,517,790

* The Group applies the simplified approach and recognises lifetime ECL for these assets.

^ These balances are assessed to have low credit risk at each reporting date. There has been no significant increase in risk of default since initial recognition up to 1 October 2018. The Group therefore recognises 12-month ECL for these items.

@ All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.

ECL recognised against the Group's retained earnings and non-controlling interests as of 1 October 2018 in aggregate is RM2,253,980 (net of deferred tax liabilities amounting to RM346,210).

Impact of initial application of IFRS 15 *Revenue from contract customers*

IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue* which covers contracts with customers for goods and services. The Group has elected to adopt IFRS 15 using the modified retrospective method and applied only to contracts that were not completed at the date of initial application. Any difference of the change in accounting policy was reflected at the date of initial application, 1 October 2018. Hence, the comparative information was presented based on the requirements of IAS 11, IAS 18 and related interpretations. The application of this standard has had no material impact on the timing and amounts of revenue recognised in the current or prior accounting periods.

The core principle of IFRS 15 is that revenue is recognised when a performance obligation is satisfied by transferring control of a promised good or service to a customer. Depending on the nature and terms of the contract, control may transfer at a point in time or over time. Where customer contracts contain more than one performance obligation, IFRS 15 requires entities to apportion revenue from contract between individual performance obligations on a relative standalone selling price basis. The standard also sets out criteria for capitalisation of incremental cost of obtaining a contract.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

In accordance with IFRS 15, the Group recognises revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 October 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts as at 30 September 2018	Reclassification	Amounts without application of IFRS 15
	RM	*RM*	*RM*
	(Restated)		(Restated)
Current assets			
Trade and other receivables, deposits and prepaid expenses:			
Retention receivables	94,755,096	(86,679,384)	8,075,712
Amount owing by customers for contract works	199,844,148	(199,844,148)	–
Contract assets	–	286,523,532	286,523,532
Current liabilities			
Contract liabilities	–	11,724,155	11,724,155
Amount owing to customers for contract works	11,724,155	(11,724,155)	–

The following tables summarise the impacts of applying IFRS 15 on the Group's consolidated statement of financial position as at 30 September 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported	Adjustments	Amounts without application of IFRS 15
	RM	*RM*	*RM*
Current assets			
Trade and other receivables, deposits and prepaid expenses	139,113,819	94,236,799	233,350,618
Amount owing by customers for contract works	–	207,394,678	207,394,678
Contract assets	301,631,477	(301,631,477)	–
Current liabilities			
Contract liabilities	7,120,062	(7,120,062)	–
Amount owing to customers for contract works	–	7,120,062	7,120,062

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as of 1 October 2018 upon the application of all new standards. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 September 2018	**IFRS 15**	**IFRS 9**	**Carrying amounts under IFRS 15 and IFRS 9 at 1 October 2018**
	RM	*RM*	*RM*	*RM*
	(Restated)			(Restated)
Current Assets				
Trade and other receivables, deposits and prepaid expenses:				
Trade receivables	347,463,254	–	(1,538,280)	345,924,974
Retention receivables	94,755,096	(86,679,384)	–	8,075,712
Amount owing by customers for contract works	199,844,148	(199,844,148)	–	–
Contract assets	–	286,523,532	(1,061,910)	285,461,622
Capital and Reserves				
Reserves	311,205,990	–	(1,447,230)	309,758,760
Non-controlling interests	(470,373)	–	(806,750)	(1,277,123)
Non-Current Liability				
Deferred tax liabilities	9,651,351	–	(346,210)	9,305,141
Current Liabilities				
Contract liabilities	–	11,724,155	–	11,724,155
Amount owing to customers for contract works	11,724,155	(11,724,155)	–	–

4. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION

(a) Revenue

	2019	2018
	RM	*RM*
		(Restated)
Construction contract revenue	**343,306,464**	498,293,858
Building maintenance service income	**10,414,808**	10,872,052
Supply and installation of elevators	**16,696**	139,197
	353,737,968	509,305,107

(b) Income from a concession agreement

	2019	2018
	RM	*RM*
Income from concession agreement – imputed interest income		
(i) Universiti Teknologi MARA ("**UiTM**")	**42,394,597**	43,061,814
(ii) Renewable Energy Power Purchase Agreement ("**REPPA**")	**366,038**	15,250
	42,760,635	43,077,064

(c) Segment Information

The Group's operating and reportable segments under IFRS 8 *Operating Segments* are as follows:

(i) Building and structure – provision of construction services in building and structural construction works;

(ii) Energy infrastructure – provision of construction services in energy transmission and distribution works;

(iii) Mechanical and electrical – provision of construction services in mechanical and electrical installation works;

(iv) Earthwork and infrastructure – provision of construction services in earthworks and infrastructure construction works; and

(v) Concession and maintenance – provision of construction services under private finance initiative and related post-construction property management services in relation to the maintenance of the related facilities and infrastructure and provision of development and construction services under REPPA.

In addition to the above reportable segments, the Group has certain operating segments (including supply and installation of elevators; and investment in solar power infrastructure business) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under "Others" segment.

Segment revenue and results

Financial year 2019

	Building and structure *RM*	Energy infrastructure *RM*	Mechanical and electrical *RM*	Earthwork and infrastructure *RM*	Concession and maintenance *RM*	Others *RM*	Sub-total *RM*	Elimination *RM*	Consolidated *RM*
SEGMENT REVENUE									
External revenue	**291,606,410**	**21,072,067**	**14,910,450**	**7,293,107**	**57,468,843**	**4,147,726**	**396,498,603**	**-**	**396,498,603**
Inter-segment revenue	**-**	**-**	**36,063,291**	**-**	**-**	**3,140,993**	**39,204,284**	**(39,204,284)**	**-**
Total	**291,606,410**	**21,072,067**	**50,973,741**	**7,293,107**	**57,468,843**	**7,288,719**	**435,702,887**	**(39,204,284)**	**396,498,603**
RESULTS									
Segment results	**(54,871,804)**	**(3,668,580)**	**(7,371,893)**	**(2,883,261)**	**24,381,125**	**(1,946,969)**	**(46,361,382)**	**-**	**(46,361,382)**
Unallocated corporate income less expenses									**(2,569,585)**
Other losses, net									**(4,081,461)**
Loss before tax									**(53,012,428)**

Other entity-wide segment information

Financial year 2019

	Building and structure *RM*	Energy infrastructure *RM*	Mechanical and electrical *RM*	Earthwork and infrastructure *RM*	Concession and maintenance *RM*	Others *RM*	Unallocated *RM*	Consolidated *RM*
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	**2,152,303**	**-**	**-**	**-**	**130,028**	**-**	**-**	**2,282,331**
Depreciation of property, plant and equipment	**7,209,588**	**520,979**	**285,152**	**499,131**	**196,594**	**106,934**	**-**	**8,818,378**
Gain on disposal of property, plant and equipment	**(12,278)**	**-**	**-**	**(235,070)**	**-**	**-**	**-**	**(247,348)**
Additions of intangible assets	**2,961,325**	**213,992**	**58,403**	**33,217**	**-**	**42,202**	**-**	**3,309,139**
Impairment of goodwill	**4,757,046**	**-**	**-**	**-**	**-**	**-**	**-**	**4,757,046**
Amortisation of intangible assets	**890,356**	**-**	**375,689**	**550**	**475,339**	**-**	**-**	**1,741,934**
Bad debts written off	**331,268**	**-**	**375,575**	**-**	**79,117**	**199,172**	**-**	**985,132**
Impairment/(Reversal of impairment) of								
Property, plant and equipment	**-**	**-**	**-**	**2,600,725**	**-**	**-**	**-**	**2,600,725**
Trade receivables	**(847)**	**(61)**	**1,004,123**	**(709,393)**	**-**	**(12)**	**-**	**293,810**
Other receivables	**-**	**1,500,000**	**-**	**-**	**-**	**-**	**-**	**1,500,000**
Contract asset	**(27,178)**	**(1,964)**	**(536)**	**(305)**	**-**	**(387)**	**-**	**(30,370)**
Property, plant and equipment written off	**7,787**	**-**	**-**	**727**	**-**	**-**	**-**	**8,514**

Segment revenue and results

Financial year 2018 (Restated)

	Building and structure *RM*	Energy infrastructure *RM*	Mechanical and electrical *RM*	Earthwork and infrastructure *RM*	Concession and maintenance *RM*	Others *RM*	Sub-total *RM*	Elimination *RM*	Consolidated *RM*
SEGMENT REVENUE									
External revenue	395,645,053	40,091,882	43,441,526	17,738,585	55,325,928	139,197	552,382,171	–	552,382,171
Inter-segment revenue	–	–	80,538,144	–	–	8,585,804	89,123,948	(89,123,948)	–
Total	395,645,053	40,091,882	123,979,670	17,738,585	55,325,928	8,725,001	641,506,119	(89,123,948)	552,382,171
RESULTS									
Segment results	(7,442,608)	(754,181)	4,315,764	(18,156,721)	30,112,003	(1,088,117)	6,986,140	–	6,986,140
Unallocated corporate income less expenses									(7,445,231)
Other losses, net									(3,009,929)
Loss before tax									(3,469,020)

Other entity-wide segment information

Financial year 2018

	Building and structure *RM*	Energy infrastructure *RM*	Mechanical and electrical *RM*	Earthwork and infrastructure *RM*	Concession and maintenance *RM*	Others *RM*	Unallocated *RM*	Consolidated *RM*
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	6,275,343	635,899	50,380	–	14,039	10,097	–	6,958,758
Amortisation of intangible assets	5,256,163	–	1,199,901	264,071	475,338	–	–	7,195,473
Depreciation of property, plant and equipment	7,233,254	732,967	137,421	1,099,377	197,536	3,013	–	9,403,568
Gain on disposal of property, plant and equipment	–	–	–	(1,113,800)	–	–	–	(1,113,800)
Impairment of goodwill	–	–	1,261,353	1,022,007	–	49,130	–	2,332,490
Property, plant and equipment written off	48,175	4,882	1,205	134,196	–	–	–	188,458
Bad debt written off	–	–	–	2,047,845	–	–	–	2,047,845

The total segment revenue can be reconciled to the revenue as presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	RM	*RM*
		(Restated)
Total segment revenue	**435,702,887**	641,506,119
Less: Inter-segment revenue	**(39,204,284)**	(89,123,948)
Less: Income from a concession agreement	**(42,760,635)**	(43,077,064)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**353,737,968**	509,305,107

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2019	2018
	RM	*RM*
		(Restated)
Staff costs	**31,085,649**	36,852,594
Directors' emoluments	**2,406,605**	2,815,610
Amortisation of intangible assets	**1,741,934**	7,195,473
Depreciation of property, plant and equipment	**8,818,378**	9,403,568
Property, plant and equipment written-off	**8,514**	188,458
Impairment of property, plant and equipment	**2,600,725**	–
Bad debts recovered	**(5,000)**	(784,352)
Bad debts written off	**985,132**	2,047,845
Minimum lease payments paid under operating leases in respect of official premises	**869,957**	792,576
Auditors' remuneration – statutory audit	**446,000**	440,000
Interest income from bank deposits	**(2,284,001)**	(2,415,578)

6. INCOME TAX EXPENSE

	2019	2018
	RM	*RM*
		(Restated)
Malaysia Corporate Income Tax:		
Current year	**4,469,465**	8,746,163
(Over)/Underprovision in prior years	**(1,049,523)**	2,120,288
	3,419,942	5,866,451
Deferred tax:		
Current year	**(1,466,199)**	2,662,923
Under/(over)provision in prior years	**309,997**	(1,474,655)
	(1,156,202)	1,188,268
	2,263,740	7,054,719

7. LOSS PER SHARE

	2019	2018
	RM	*RM*
		(Restated)
Basic (sen)	**(2.95)**	(0.23)
Diluted (sen)	**(2.95)**	(0.23)

Basic

The calculation of the basic loss per share is based on the following data:

	2019	2018
	RM	*RM*
		(Restated)
Loss for the year attributable to the owners of the Company for the purpose of basic loss per share	**(53,062,778)**	(4,145,291)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share:		
At beginning and end of the year	**1,800,000,000**	1,800,000,000

There is no diluted loss per share in FY2019 as there is no potential dilutive shares during the current reporting period.

8. PROPERTY, PLANT AND EQUIPMENT

During FY2019, the Group acquired items of property, plant and equipment for RM2.3 million (FY2018: RM7.0 million).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2019 ***RM***	2018 *RM*
Trade receivables:		
Third parties	**309,026,870**	345,169,724
Related parties	**44,213,370**	2,293,530
Less: provision for impairment of trade receivables	**(1,832,090)**	–
	351,408,150	347,463,254
Retention receivables:		
Third parties	**2,913,304**	52,791,484
Related parties	**10,113,154**	41,963,612
	13,026,458	94,755,096
Other receivables:		
Third parties	**7,620,360**	15,643,026
Related parties	**6,861,529**	5,491
	14,481,889	15,648,517
Stakeholder's sum	**26,800,000**	–
Refundable deposits	**5,060,744**	8,412,090
Prepaid expenses	**5,610,005**	2,406,411
Goods and services tax receivable	**84,879**	97,413
	416,472,125	468,782,781
Analysed for reporting purposes as:		
Current assets	**139,113,819**	190,907,284
Non-current assets	**277,358,306**	277,875,497
	416,472,125	468,782,781

Note: Included in trade receivables are receivables from concession agreements which amounted to RM274,793,284 (30 September 2018: RM282,476,086) at 30 September 2019.

The following is an aged analysis of trade receivables (excluding receivables arising from the concession agreements) presented based on the invoice date at the end of each reporting period.

	2019	2018
	RM	*RM*
0 – 30 days	**43,578,728**	12,826,407
31 – 90 days	**7,439,718**	23,811,377
Over 90 days	**25,596,420**	28,349,384
	76,614,866	64,987,168

10. INVENTORIES

	2019	2018
	RM	*RM*
At cost:		
Unsold completed units	**15,439,794**	19,299,741

11. SHARE CAPITAL

The share capital as at 30 September 2019 and 30 September 2018 represents the share capital of the Company with details as follows:

	Number of shares	**Amount**	**Amount**
		*Hong Kong Dollar (“**HK$**”)*	*RM*
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 October 2017, 30 September 2018 and **30 September 2019**	**5,000,000,000**	**50,000,000**	
Issued and fully paid:			
As at 1 October 2017, 30 September 2018 and **30 September 2019**	**1,800,000,000**	**18,000,000**	**9,862,255**

12. TRADE AND OTHER PAYABLES

	30.9.2019	30.9.2018	1.10.2017
	RM	*RM*	*RM*
		(Restated)	(Restated)
Trade payables:			
Third parties	**144,271,957**	131,847,502	155,141,097
Related parties	**7,385,712**	14,582,806	14,999,045
	151,657,669	146,430,308	170,140,142
Retention sum payables:			
Third parties	**36,006,971**	30,541,911	22,753,441
Related parties	**13,326,305**	13,097,879	12,550,865
	49,333,276	43,639,790	35,304,306
Other payables:			
Third parties	**5,679,794**	4,690,431	5,826,546
Related party	**–**	10,000,000	–
	5,679,794	14,690,431	5,826,546
Accrued expenses	**48,478,154**	44,290,136	45,561,506
Goods and services tax payable	**2,684,085**	–	–
	257,832,978	249,050,665	256,832,500

The following is an aged analysis of trade payables presented based on the invoice dates.

	2019	2018
	RM	*RM*
0 – 30 days	**37,275,840**	32,186,778
31 – 90 days	**16,320,336**	30,390,835
Over 90 days	**98,061,493**	83,852,695
	151,657,669	146,430,308

13. RELATED PARTY TRANSACTIONS

The Group has the following transactions with related parties during the following financial year:

	2019	2018
	RM	*RM*
Construction revenue from related parties	**78,502,096**	249,899,412
Construction cost paid to related parties	**3,092,812**	11,737,884
Rental of office premises to a related party	**689,331**	693,616
Other expenses paid to related parties	**335,926**	391,462

14. DIVIDENDS

A final dividend in respect of the financial year ended 30 September 2017 of HK$0.015 per ordinary share, in an aggregate amount of HK$27,000,000 (RM13,309,245), had been paid through the distribution of the Company's share premium on 27 March 2018.

The Board has resolved not to recommend the payment of any final dividend to the shareholders of the Company (the "**Shareholders**") for FY2019.

15. CONTINGENT LIABILITES

(a) On 28 March 2019, BGMC Corporation Sdn Bhd, an indirect wholly-owned subsidiary, received a writ of summons together with an indorsement of claim dated 19 March 2019 issued in the High Court of Shah Alam, Malaysia by 47 plaintiffs ("**Plaintiffs**") against Kingsley Hills Sdn. Bhd., a related party as the first defendant and BGMC Corporation Sdn Bhd, as the second defendant.

As of the date of this announcement, BGMC Corporation Sdn Bhd has filed an interlocutory application to strike out the Plantiffs' case as well as a counterclaim against the Plaintiffs (claiming for alleged additional liquidated ascertained damages ("**LAD")** absorbed in good faith and spirit of the full and final settlement agreement). The striking out application was first heard on 9 January 2020 and went for a continued hearing on 5 February 2020. Thereafter, the High Court Judge has set another date for further submission and hearing in March 2020.

Based on legal advise, the Directors are of the opinion that BGMC Corporation Sdn Bhd has a meritable and arguable case to defeat the Plantiffs' claim for additional LAD. As a result, no provision has been made in the consolidated financial statements for the year ended 30 September 2019.

(b) In the ordinary course of business, Built-Master Engineering Sdn. Bhd. ("**BME**"), an indirect subsidiary of the Company, had awarded a sub-contract for electrical work to a third party in 2018. The said sub-contract was subsequently terminated by BME due to breach of certain terms and conditions of the sub-contract on the part of the third party. The third party initiated a legal action against BME claiming, amongst others, the balance payment of RM733,292 and interest at 5% per annum from the due date to the date of the full and final settlement on the basis that the termination was wrongful. BME has entered their defence denying the claim and thereafter filed a counterclaim against the said third party. The matter is currently at trial stage.

In the opinion of the Directors, after taking appropriate legal advice, BME has a chance to dismiss the claim and be successful in the counterclaim with the quantum to be fixed by the court. Accordingly, no provision have been made in the consolidated financial statements.

16. PRIOR YEARS' ADJUSTMENTS

In preparing the consolidated financial statements of the Group for the year ended 30 September 2019, the directors had noted that the accounting treatments in respect of certain construction contracts adopted by the Group in its previously issued consolidated financial statements were incorrect. The amounts presented in the consolidated financial statements in respect of the year ended 30 September 2018 have been restated to correct those errors identified. The effects of the restatements to the amounts presented in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income are summarised as below:

(a) Accounting for unapproved variation orders relating to construction contracts

In prior financial years, construction costs relating to variation orders pending approval by the Group's customers had not been recognised in profit or loss for the purposes of determining the percentage of completion ("**POC**") for certain projects. These construction costs had been deferred and included within amount owing by customers for contract works on the assumptions that the variation orders would ultimately be recovered from the Group's customers.

Upon reassessment, the directors concluded that it was not probable that those variation orders would have been ultimately approved by the Group's customers and therefore the said construction costs should have been expensed off to profit or loss in the prior years. After taking into account the estimated costs for defect liability period, this has resulted in an overstatement of contract revenue and understatement of contract costs recognised in profit or loss in the prior year of RM367,644 and RM3,810,793 respectively and a corresponding overstatement in the amount due from customers for contract works of RM5,483,164 and RM4,628,437 as of 1 October 2017 and 30 September 2018 respectively. These misstatements represent prior period errors that have been corrected by way of prior year adjustments.

(b) Omission of re-measurement reduction variation order from a customer

During the current financial year, the Group discovered an omitted re-measurement reduction variation order which was issued by a customer and received by the Group during financial year ended 30 September 2018. This variation order was inadvertently excluded from the POC schedule in determining revenue arising from the said project in prior financial year.

To rectify this omission, the Group has revised the POC schedule for this project to reflect the impact of the omitted re-measurement reduction variation order on revenue recognised from the said project. This resulted in an overstatement of contract revenue and understatement of contract costs recognised in profit or loss in prior year of RM4,511,363 and RM726,404 respectively and the corresponding overstatement of amount due from customers for contract works of RM5,237,767 as of 30 September 2018. These misstatements represent prior period errors that have been corrected by way of prior year adjustments.

(c) Projects with certificate of practical completion issued but not closed out

During the current financial year, the Group has identified two construction contracts where certificates of practical completion were issued during the financial year ended 30 September 2017. However, the remaining contract revenue and contract costs for the two construction contracts were only closed-out and recognised in profit or loss in the financial year ended 30 September 2018.

Consequently, after taking into consideration the estimated costs for defect liability period, the contract revenue and contract costs recognised in the year ended 30 September 2018 had been overstated by RM907,111 and understated by RM304,387 respectively while there was a corresponding overstatement of amount due from customers on contract works of RM907,111 as of 30 September 2018. This represents a prior period error that has been corrected by way of a prior year adjustment.

The above prior years' errors, after taking into consideration the corresponding tax effect for the year ended 30 September 2017 and 30 September 2018, gave rise to an overstatement of retained earnings of the Group by RM2,972,493 and RM8,563,454 as of 1 October 2017 and 30 September 2018 respectively and an overstatement of non-controlling interests by RM1,545,981 and RM6,164,352 as of 1 October 2017 and 30 September 2018 respectively. The prior years' adjustment for the year ended 30 September 2017 were related to the period from 1 April 2017 to 30 September 2017.

The effect of the prior years' adjustments, together with correction on the POC computation, are as follows:

	As previously reported	Prior years' adjustments (a)	(b)	(c)	As restated
	RM	*RM*	*RM*	*RM*	*RM*
Consolidated statement of profit or loss and other comprehensive income for the year ended 30 September 2018:					
Revenue	515,091,225	(367,644)	(4,511,363)	(907,111)	509,305,107
Cost of sales	(462,829,586)	(3,810,793)	(726,404)	(304,387)	(467,671,170)
Profit/(Loss) before tax	7,158,682	(4,178,437)	(5,237,767)	(1,211,498)	(3,469,020)
Income tax expense	(7,473,089)	115,184	–	303,186	(7,054,719)
Profit/(Loss) and total comprehensive income/(loss) for the year attributable to:					
Owners of the Company	1,445,670	(2,178,036)	(2,671,261)	(741,664)	(4,145,291)
Non-controlling interests	(1,760,077)	(1,885,217)	(2,566,506)	(166,648)	(6,378,448)
	(314,407)	(4,063,253)	(5,237,767)	(908,312)	(10,523,739)
Basic earnings/(loss) per share (sen)	0.08	(0.12)	(0.15)	(0.04)	(0.23)
Diluted earnings/(loss) per share (sen)	0.08	(0.12)	(0.15)	(0.04)	(0.23)
Consolidated statement of financial position as of 30 September 2018:					
Current assets					
Amount owing by customers for contract works	216,062,823	(10,111,601)	(5,237,767)	(869,307)	199,844,148
Tax recoverable	6,923,031	418,370	–	–	7,341,401
Current Liabilities					
Trade and other payables	248,696,278	–	–	354,387	249,050,665
Tax liabilities	2,275,916	(1,120,773)	–	(306,113)	849,030
Capital and Reserves					
Reserves	319,769,444	(5,143,114)	(2,671,261)	(749,079)	311,205,990
Non-controlling interests	5,693,979	(3,429,344)	(2,566,506)	(168,502)	(470,373)
Consolidated statement of financial position as of 1 October 2017:					
Current assets					
Amount owing by customers for contract works	234,200,657	(5,483,164)	–	37,804	228,755,297
Current Liabilities					
Trade and other payables	256,332,500	450,000	–	50,000	256,832,500
Tax liabilities	14,449,433	(1,423,959)	–	(2,927)	13,022,547
Capital and Reserves					
Reserves	331,633,019	(2,965,078)	–	(7,415)	328,660,526
Non-controlling interests	7,454,051	(1,544,127)	–	(1,854)	5,908,070

17. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had approved and contracted for subscription of ordinary shares in an associate, purchase of property, plant and equipment and intangible assets and investment properties under construction, as follows:

	2019	2018
	RM	*RM*
		(Restated)
Approved and contracted for:		
Investment in an associate	**37,014,100**	–
Property, plant and equipment	**–**	600,000
Intangible assets	**3,360,779**	–
Investment properties under constructions	**3,538,828**	3,867,605
	43,913,707	4,467,605
Less: Deposit paid	**(3,248,076)**	(550,245)
Outstanding capital commitments	**40,665,631**	3,917,360

18. INVESTMENT IN ASSOCIATES

	2019	2018
	RM	*RM*
Investment in associates:		
At cost	**2**	–

Details of the investment in associates as of 30 September 2019 are as follows:

Name of associate	**Place of incorporation and operation**	**Proportion of ownership interest and voting power held 2019**	**Principal activity**
Sparks Energy International Limited ("SPARK")	Cayman Islands	**45.1%**	Investment holding
Machang Estate Sdn. Bhd.	Malaysia	**–***	Property investment
Machang Estate (II) Sdn. Bhd.	Malaysia	**–***	Property investment

* Significant influence arise from subscription of redeemable convertible preference shares with no restriction to convert into ordinary shares.

19. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 25 July 2019, BGMC Holdings Bhd., an indirect wholly owned subsidiary, entered into a subscription agreement with Kuala Muda Estate Sdn Bhd, Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd (" **Land Companies**") respectively for the subscription of 50% of RCPS in each of the Land Companies at a total consideration of USD5,363,196 (equivalent to approximately RM22,044,798).

The transactions had been completed as of 30 September 2019.

(b) On 29 August 2019, BGMC Energy Sdn. Bhd., an indirect wholly owned subsidiary entered into a shareholders' agreement for the investment of 45.1% equity interest in an associate, namely SPARK, a company incorporated in Cayman Islands. The cost of investment as of 30 September 2019 is RM2.

The capital commitment to be made by BGMC Energy Sdn. Bhd. pursuant to the shareholders' agreement is approximately RM39.9 million.

In connection with the shareholders' agreement, BGMC Energy Sdn. Bhd. also entered into an option agreements with each of the two shareholders of SPARK, namely BV Energy Sdn. Bhd. and Idiqa. Energy Sdn. Bhd., being companies incorporated in Malaysia. Pursuant to the option agreements, BGMC Energy Sdn. Bhd. is granted the option to acquire up to 2.5% equity interest in SPARK held by BV Energy Sdn. Bhd. and Idiqa Energy Sdn. Bhd., respectively. Each of the call option is granted at a nominal value of HK$10 to BGMC Energy Sdn. Bhd..

In connection with the shareholders' agreement, the following call and put options agreements has been entered into:

(i) DPI Solar has irrevocably agreed to grant to BGMC Energy Sdn. Bhd. a call option, which may be exercised by BGMC Energy Sdn. Bhd. at its sole discretion to purchase up to 45.1% of the preference shares of USD1 each issued by SPARK and held by DPI Solar.

(ii) The Company has irrevocably agreed to grant DPI Solar a put option which may be exercised by DPI Solar at its sole discretion to require the Company to purchase 45.1% to up to 50.1% of the preference shares of USD1 each issued by SPARK and held by DPI Solar. The Company may at its sole and absolute discretion nominate another entity to be the registered owner of the preference shares of USD1 or part thereof.

(c) On 29 August 2019, BGMC Corporation Sdn. Bhd., an indirect wholly owned subsidiary of the Company has entered into a subscription agreement with Sparks Energy 1 Sdn. Bhd. ("**SE1**"), an indirect wholly owned subsidiary of SPARK, to which SE1 will subscribe for 86,000,000 redeemable preference shares of RM1 each to be allotted and issued by BGMC Corporation Sdn. Bhd. for a total consideration of RM86 million ("**RPS**").

The proceeds from the subscription of the RPS to be issued by BGMC Corporation Sdn. Bhd. to SE1 can only be used by BGMC Corporation Sdn. Bhd. solely for the purpose of funding its subscription of the redeemable convertible preference shares to be issued by BGMC Bras Power Sdn. Bhd., a subsidiary of BGMC Corporation Sdn. Bhd..

As of 30 September 2019, subscription monies amounting to RM37,229,810 had been received by BGMC Corporation Sdn. Bhd..

(d) On 30 September 2019, BGMC Bras Power Sdn. Bhd., an indirect subsidiary, entered into a deed of covenant with a financial institution in Malaysia in relation to the financing for the total construction costs of the development of the Kuala Muda Project.

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor's report for the year ended 30 September 2019 has included a separate section under the heading "Material uncertainty related to going concern" but without affecting the audit opinion, an extract of which is as follows:

Material uncertainly related to going concern

We draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a loss before tax of RM53.0 million and net cash used in operating activities of RM55.9 million during the financial year ended 30 September 2019. As of that date, the Group's current liabilities exceeded its current assets by RM61.7 million due to reclassification of non-current portion of bank borrowings to current liability resulted from the breach of loan covenant. These events or conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BGMC is a provider of full-fledged, integrated solutions in two specialized business sectors, namely:

i) Construction Services (comprising the Building and Structure segment, Energy Infrastructure segment, Mechanical and Electrical segment, and Earthworks and Infrastructure segment), which undertakes primarily construction service contracts of length not exceeding five years; and

ii) Concession and Maintenance, which undertakes Public Private Partnership ("**PPP**") contracts of duration more than 20 years.

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structure	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government-led infrastructure and facility projects.
	Energy Infrastructure	The segment has two previously independent businesses: a) design and construction of power substations – medium and high voltage – and installation of the former; and b) installation of high voltage underground cabling systems. It also has the new task of establishing and developing a utility scale solar power plant.
	Mechanical and Electrical	Focuses on bringing value-adding engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infrastructure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthworks and Infrastructure	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infrastructure installation.
Concession and Maintenance	Build, Lease, Maintain, Transfer ("**BLMT**") model	A concession to build a campus over a three-years period for lease to Universiti Teknologi Mara Malaysia ("**UiTM**") and provide asset management services for 20 years.
	Build, Own, Operate ("**BOO**") model	A concession to build a solar power plant, and generate power and sell the power generated by the plant to Tenaga Nasional Berhad ("**TNB**") for 21 years.

CONSTRUCTION SERVICES SECTOR

The Construction Services sector contributed RM334.9 million, or 84.5%, to the consolidated revenue of the Group in FY2019, against RM496.9 million, or 89.0%, in FY2018 (restated). Although there was a moderate decrease in contribution from the sector, it remained as the major revenue contributor of the Group in FY2019. The revenue mix of the Group changed mainly due to decreased revenue of the sector and a slight increase in revenue from the Concession and Maintenance sector.

During the year under review, the Construction Services sector secured 10 contracts of total worth RM552.7 million (30 September 2018 (restated): RM537.6 million), including two of substantial value from Malaysian Resources Corporation Berhad ("**MRCB**") worth RM189.0 million and RM326.9 million respectively.

As at 30 September 2019, BGMC had an outstanding order book of RM1.2 billion (30 September 2018: RM1.2 billion (restated)).

BGMC's major on-going projects are as follows:

Project name and description	**Contract Value** *(RM'000)*
Sentral Suite: Construction and completion of structural and architectural works for Tower 1 (architectural only works for the basement, podium, facilities floors and remaining balance of podium structure works up to transfer floor), Tower 2, and Tower 3 blocks of a proposed 46-storey commercial development at Kuala Lumpur ("**KL**") Sentral, Malaysia.	515,936
The Sky Seputeh: Construction of two 37-storey towers with 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,020
Bangsar 61: Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, KL, Malaysia.	273,674
Setia Spice: Construction of a 26-storey building with a 19-storey hotel (453 rooms), a 3-storey car park and 4-storey hotel facilities, plus a 2-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488
TNB Worker's Quarters: Construction of one 8-storey block of executive quarters (24 units), three 9-storey blocks of non-executive quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.	76,531

Building and Structure

As the leading segment of the Construction Services sector and the Group as a whole with sizeable contracts on hand, Building and Structure contributed RM291.6 million, or 73.5%, to the Group's consolidated revenue in FY2019, compared to RM395.6 million, or 70.9%, in FY2018 (restated). Such decrease was mainly due to the Group's signature project D'Pristine Medini being almost completed in FY2019, while Setia Spice, The Sky Seputeh and TNB Worker's Quarters have just started the advance stage of the progress in the second half of FY2019. These projects are moving with structural, architectural, mechanical and electrical works concurrently now. Bangsar 61, on the other hand, has recorded a lesser construction activity and revenue recognition due to the need of engineering design review by the client. The review has however achieved some major breakthrough and we have increased the construction activities thereafter. The Sentral Suite which was secured in FY2019 meanwhile is still in the early stage of construction and therefore did not post significant contribution for the time being.

During FY2019, this segment won three projects of total worth RM516.1 million, including two large contracts from MRCB priced RM189.0 million and RM326.9 million and secured on 26 November 2018 and 4 March 2019, respectively. The two contracts are in relation to the construction and completion of structural and architectural works for part of a proposed 46-storey commercial development at KL Sentral, Malaysia.

As at 30 September 2019, the Building and Structure segment had an outstanding order book of RM1.1 billion (30 September 2018 (restated): RM914.6 million).

Energy Infrastructure

During FY2019, the Energy Infrastructure segment contributed revenue of RM21.1 million, or 5.3%, to the Group's consolidated revenue, compared to RM40.1 million, or 7.2%, for FY2018 (restated). Such decrease in segmental revenue contribution was mainly attributable to the delay of the installation of equipment at Damansara Heights power substation project. Meanwhile, lower recognition also come from the underground cabling system projects due to the challenges faced in implementing the projects. Changes of direction from client and also the bureaucratic work permit approval process by the governmental authority have slowed down the progress of the projects.

As at 30 September 2019, the Energy Infrastructure segment had an outstanding order book of RM59.8 million (30 September 2018 (restated): RM96.7 million).

Mechanical and Electrical

The Mechanical and Electrical segment recorded revenue of RM14.9 million, or a 3.8% contribution to the consolidated revenue of the Group for FY2019, compared to RM43.4 million, or 7.8%, in FY2018 (restated). Such decrease in the segmental revenue contribution was mainly due to the completion of major projects. For the projects secured in FY2019, revenue contribution will still be insignificant since they are still very much in the initial stage.

As at 30 September 2019, the segment had secured five new projects worth RM35.3 million, and an outstanding order book of RM79.1 million (30 September 2018 (restated): RM116.1 million).

Earthworks and Infrastructure

The Earthworks and Infrastructure segment recorded revenue of RM7.3 million for FY2019, or 1.8% of the consolidated revenue of the Group, compared to RM17.7 million, or 3.2%, in FY2018 (restated). The decrease in the segmental revenue was mainly due to the completion of major earthwork projects and no new sizeable earthwork projects having been secured. As the projects of earthworks and infrastructure works are very competitively priced, the management is taking a very pragmatic approach in tendering for new jobs.

As at 30 September 2019, the Earthworks and Infrastructure segment had secured two new projects worth a total of RM1.3 million.

CONCESSION AND MAINTENANCE SERVICES SECTOR

BGMC has on hand two PPP contracts currently: (i) a BLMT concession contract with UiTM; and (ii) a BOO solar power purchase agreement signed with TNB, the sole power distributor for Peninsular Malaysia.

BLMT Model – UiTM Campus

There are two sources of income from this concession contract, namely imputed interest income and building maintenance service income. During the year under review, the BLMT model brought a total income of RM52.8 million to the Group, relative to RM53.9 million for FY2018 (restated).

As at 30 September 2019, the concession had 16 years and 4 months to last. The outstanding imputed interest income and contract value for building maintenance services as at 30 September 2019 were RM781.6 million and RM173.9 million respectively, receivable over the remaining period of the concession.

BOO Model – Large Scale Solar Photovoltaic ("LSSPV") Power Plant

This new concession contract involves building a LSSPV power plant which will generate and sell the power generated by the plant to TNB. The plant at Kuala Muda, Kedah, Malaysia has a planned output capacity of 30-megawatt alternate current ("**MW a.c.**").

During the year, BGMC secured the financial closure for this contract, and is currently on track to achieve the commercial operation date of the plant by 30 September 2020, after which the plant will present another source of recurring income to the Group for 21 years.

During FY2019, the BOO business model contributed a revenue of RM4.7 million, or 1.2%, to the segmental consolidated revenue of the Group, compared to RM1.4 million, or 0.2%, in FY2018 (restated). Such revenue was derived from the adoption of IFRIC 12 *"Service Concession Arrangements"*.

FINANCIAL REVIEW

Gross (Loss)/Profit

The Group recorded gross loss of RM13.7 million in FY2019 versus gross profit of RM41.6 million in FY2018 (restated). Such adverse change was mainly attributable to (i) an increase in material costs due to the implementation of the Sales and Services Tax Act 2018 in Malaysia; (ii) compressed gross margin as a result of the more competitive tender process in the subdued property market in Malaysia; (iii) competition intensified in the construction industry in Malaysia with the Malaysian government carrying out a review of major infrastructure projects; and (iv) provision for loss making projects.

Administrative and Other Expenses

Administrative and other expenses reduced from RM69.4 million in FY2018 (restated) to RM61.1 million in FY2019, down by RM8.3 million. Such decrease was due to a decrease in amortisation of intangible assets from RM7.2 million in FY2018 (restated) to RM1.7 million in FY2019, as the rights on construction contracts for unbilled portion had been substantially amortised in previous years. Furthermore, staff costs decreased from RM36.8 million in FY2018 to RM31.1 million in FY2019 with the number of employees down from 428 to 408.

Finance Costs

Finance costs for FY2019 were RM19.0 million, slightly higher by RM0.4 million, as compared to RM18.6 million in FY2018. Such marginal increase was mainly due to an increase in short term borrowings for financing working capital of the Company.

Income Tax

Income tax expenses improved from RM7.1 million in FY2018 (restated) to RM2.3 million in FY2019, mainly due to recognition of deferred tax assets of RM3.6 million and reduced tax provision.

Liquidity, Financial Resources and Capital Structure

The net gearing ratio (calculated by dividing total net debts by shareholders' equity) of the Group was at 0.92x as compared to 0.52x as at 30 September 2018 (restated). Such increase was mainly due to increased borrowing for financing working capital of the Company, and also the decrease in equity attributable to owners of the Company with a loss attributable to owners of the Company of RM53.1 million recorded in FY2019.

The total borrowing of RM310.1 million as at 30 September 2019 (FY2018 (restated): RM286.3 million) included an outstanding term loan previously drawn-down for the construction of the UiTM campus of RM204.6 million as at 30 September 2019 (FY2018 (restated): RM267.6 million). The campus has been leased to UiTM since its completion in November 2015, bringing in recurring annual income and cashflow to the Group sufficient for repaying the principal amount of the term loan annually.

Cash balances (including fixed deposits) stood at RM63.9 million as at 30 September 2019 as compared to RM118.9 million as at 30 September 2018 (restated), a decrease of RM55.0 million. Such decrease was mainly due to utilisation of cash to finance the operation of various projects, payment of finance costs and repayment of other payables outstanding balances.

Net Current Liability

The Group recorded a net current liability of RM61.7 million as at 30 September 2019, against a net current asset of RM201.2 million as at 30 September 2018 (restated), a decrease of RM262.9 million. Such decrease was mainly due to: (i) RM160.01 million of a loan amount was reclassified from the non-current liabilities to current liabilities as we had been found to have technically breached a loan covenant as stipulated in the term loan drawn down for the construction of UiTM campus; (ii) an increase in borrowings and (iii) share application monies received for financing the LSSPV power plant project.

As disclosed in the Company's announcement dated 24 December 2019, the bank has not made any immediate repayment request of the loan yet while we have applied to the bank for a waiver of the technical breach. We shall make further announcement once the waiver is obtained.

The Board has regularly reviewed the maturity analysis of the Group's contractual liabilities and concluded that there is no liquidity issue that may cast significant doubt on the Company's ability to continue as a going concern.

Treasury Policies

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. Bank borrowings of the Group are all denominated in RM and on a floating-rate basis. It is the Group's policy not to enter into derivative transactions for speculative purposes.

Capital Expenditure

Capital expenditure mainly consisted of expenses on procurement of construction machineries and equipment such as aluminium formwork system, which were funded by hire purchase, the proceeds from the global offering of the Company, which was completed in August 2017, and internally generated funds. During FY2019, BGMC acquired RM5.6 million worth of fixed asset compared to RM6.9 million in FY2018 (restated).

Foreign Exchange Exposure

The functional currency of BGMC's operation, assets and liabilities is RM. Therefore, the Company is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging, except for HK$ denominated bank balances.

Significant Investment Hold

Save as disclosed in Note 18 and 19 to the consolidated financial statements above, the Group did not hold any other significant investment during FY2019.

Employees and Remuneration Policies

As at 30 September 2019, the Group had 408 employees versus 428 as at 30 September 2018. Total staff costs incurred in FY2019 were RM31.1 million compared to RM36.8 million recorded in FY2018 (restated).

Staff remunerations are determined by the Group by reference to prevalent market terms and in accordance with the performance, qualifications and experience of an individual employee. Periodic in-house training is provided to enhance knowledge of the workforce. Employees can also attend training programmes conducted by qualified personnel to enhance their skills and working experience.

The Group has a share option scheme ("**Scheme**") in place, which became effective on 9 August 2017, the day the Company's issued shares were initially listed on the Stock Exchange. The Scheme enables the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company. As at the date of this announcement, there was no outstanding share option granted under the Scheme.

SIGNIFICANT EVENT DURING THE YEAR

Thinking ahead, with the LSSPV power plant requiring management services, including financing, construction, operation and maintenance services in due course, the Group announced on 29 August 2019 that one of our wholly-owned subsidiaries of the Company had signed a joint venture agreement with other parties (who are leaders in solar and/or transmission industries, in Malaysia and the world) to invest in a joint venture company ("**JV Company**") that provides management services in relation to renewable energy business. The JV Company has not only signed a management services agreement with the Group to provide management services in relation to renewable energy to the 30 MW a.c. solar power plant in Kuala Muda, Kedah, Malaysia but has also signed a management services agreement with another company holding a 30 MW a.c. LSSPV power plant at Machang, Kelantan in Malaysia.

FUTURE PROSPECT

The end of FY2019 marked the beginning of the third year since BGMC was listed on HKEX. It has not been all smooth sailing for BGMC to get to where it is now. On top of the unpredictable global market climate and unstable macroeconomic environment in recent years, in Malaysia, there has been a political reshuffle, and the local property market has remained subdue for a number of years. These factors all together have presented BGMC with intense competition in the industry, testing the adaptability and sustainability of its business.

Nevertheless, BGMC was able to secure 10 construction contracts worth a total of RM552.7 million for its Construction Services sector during FY2019, despite facing strong headwinds, evidencing its responsiveness and adaptability to the fast changing business environment. The credit of such good work goes to the competent management team of the Group, backed by a strong past track record and its talented and experienced workforce. With the contracts won, the Group was able to maintain the outstanding order book at a sustainable level of RM1.2 billion as at 30 September 2019. These outstanding projects are expected to begin and continue in the next 24 to 36 months. BGMC will continue to explore means and ways to reduce cost and enhance the value of its business, so as to remain competitive and stand out among its peers in the industry.

With external turbulences and challenges likely to continue to pose threats to its business, BGMC has strengthened its Concession and Maintenance sector by beefing up defensive assets. This has been the strategy of the Group since it was listed on HKEX with the support of a hybrid business model, allowing it to generate constant cashflow from available strategic assets over two decades.

Renewable energy, a fast growing industry born of increasing environmental awareness worldwide, has caught BGMC's attention. Thus, in 2018, the Group made its foray into the industry by securing a 30 MW a.c. output LSSPV power plant in Kedah, Malaysia. The project is approved by the Energy Commission of Malaysia and a power purchase agreement has been signed by TNB, the sole power distributor of Peninsular Malaysia, and a subsidiary of BGMC to purchase the power generated by the plant for 21 years. The plant will take about 14 months to build and related works have been progressing on schedule thus far to meet the date for commercial operation in year 2020.

Meanwhile, by venturing into providing management services to LSSPV power plants, BGMC has not only brought synergies to the LSSPV plant it owns, but will also be able to reap value from the joint venture offering management services to other LSSPV power plants, not to mention that the JV Company is not limiting its appetite to only LSSPV power plants in Malaysia but worldwide, especially in the ASEAN region.

As a listed company responsible to its shareholders and stakeholders in the community, BGMC will stay committed to excellence, practising prudent financial management and enterprise risk management to avert risks, thereby ensuring that it has a strong footing and capabilities to compete and win in the market. BGMC is optimistic about the future of its business and all geared up to seize coming opportunities and deliver exemplary performance, and ultimately, bolster long-term shareholder value.

USE OF NET PROCEEDS FROM THE LISTING

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date at HK$0.70 each. The proceeds (net of listing expenses) were approximately RM143.1 million. In accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 31 July 2017 ("**Prospectus**"), the net proceeds received ("**Net Proceeds**") were applied by the Group from the Listing Date up to 30 September 2019 as follows:

Use of Net Proceeds	**Net Proceeds**	**Use of Net Proceeds during FY2019**	**Use of Net Proceeds from the Listing Date up to 30 September 2019**	**Unused amount**	**Unused amount**
	(RM million)	*(RM million)*	*(RM million)*	*(RM million)*	*(Percentage)*
Financing for new projects	93.0	–	93.0	–	0%
Acquisition of additional machineries and equipment	35.8	2.2	10.8	25.0	69.8%
Working capital	14.3	–	14.3	–	0%
Total	**143.1**	2.2	**118.1**	**25.0**	**17.5%**

The unutilised Net Proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dividend

The Board has resolved not to recommend the payment of any final dividend for FY2019 (FY2018: nil).

Annual general meeting

The date of annual general meeting of the Company ("**AGM**") will be stated in the notice of the AGM which will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in due course in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules ("**Model Code**") were as follows:

Interests in the Shares

Name of Directors	**Capacity/Nature of interest**	**Interests in Shares** *(Note 1)*	**Approximate percentage of shareholding** *(Note 3)*
Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**") *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Teh Kok Lee ("**Dato' Michael Teh**") *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**") *(Note 2)*	Interest of a controlled corporation	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

(1) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into a concert party confirmatory deed ("**Concert Party Confirmatory Deed**") to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since they became shareholders of BGMC Builder and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in the Prospectus.

As at 30 September 2019, the 1,208,250,000 Shares interested by them in aggregate consisted of (i) 864,000,000 Shares beneficially owned by Prosper International Business Limited ("**Prosper International**") which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially owned by Seeva International Limited ("**Seeva International**") which in turn is beneficially wholly-owned by Dato' Michael Teh. Each of Tan Sri Barry Goh and Dato' Michael Teh is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

(2) The entire issued share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin, and therefore, Dato' Arifin is deemed to be interested in all the 141,750,000 Shares held by Kingdom Base under provisions of SFO.

(3) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2019.

Interest in the Shares of Associated Corporations

Name of Directors	Name of associated corporations	Capacity/Nature of interest	Interests in ordinary shares	Percentage of shareholding
Tan Sri Barry Goh	Prosper International	Beneficial owner	100	100%
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Save as disclosed above, as at 30 September 2019, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2019 and thereafter up to the date of this announcement, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company is committed to maintaining a high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially in the areas of internal control, fair disclosure and accountability to all Shareholders.

The Company has adopted the code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Listing Rules ("**CG Code**") as its own code of corporate governance. During FY2019, the Company has complied with the applicable code provisions of the CG Code, save for the deviation discussed below. The following sections set out the principles in the CG Code as they have been applied by the Company, including any deviations therefrom, for the year under review.

The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual results for FY2019; and (ii) publishing the annual report for FY2019. Such delay has constituted non-compliance with Rules 13.46 (2) and 13.49 of the Listing Rules.

EVENTS AFTER THE FY2019

Since 30 September 2019, being the end of the financial year under review and up to the date of this announcement, no important event has occurred affecting the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code during the FY2019.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Audit Committee was established on 3 July 2017 with specific written terms of reference in compliance with code provision C.3 of the CG Code and Rule 3.22 of the Listing Rules. The written terms of reference were revised on 31 December 2018 to conform with the requirements under the CG Code and the Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2019 and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the FY2019 as set out in this annual results announcement have been agreed by the Group's independent auditor, Deloitte PLT ("**Deloitte**"), to the amounts set out in the Group's audited consolidated financial statements for the FY2019. The work performed by Deloitte in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by International Accounting Standards Board and consequently, no assurance has been expressed by Deloitte on this annual results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.bgmc.asia. The annual report of the Company for FY2019 containing all the information required by the Listing Rules will be published on the aforesaid websites and will be despatched to the Shareholders in due course in the manner required by the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange had been halted with effect from 9:00 a.m. on 2 January 2020. As a result of the publication of the annual financial results of the Company and its subsidiaries for the year ended 30 September 2019 has now been published, an application to the Stock Exchange for the resumption of trading in the Company's shares on the Stock Exchange with effect from 9:00 a.m. on 21 February 2020.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
BGMC International Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Hong Kong, 20 February 2020

As at the date of this announcement, the Board comprises Tan Sri Dato' Sri Goh Ming Choon (Chairman), Dato' Mohd Arifin bin Mohd Arif (Vice-chairman), Dato' Teh Kok Lee (Chief Executive Officer) and Ir. Azham Malik bin Mohd Hashim as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung as independent non-executive Directors.