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 2020

FINANCIAL HIGHLIGHTS

- Revenue of the Group decreased from RM343.4 million in FY2019 (restated) to RM301.6 million in FY2020.
- The Group gross loss increased from of RM17.7 million in FY2019 (restated) to a gross loss of RM76.7 million in FY2020.
- Loss attributable to the owners of the Company was RM193.5 million in FY2020 as compared with a loss of RM53.1 million in FY2019 (restated).
- Basic loss per share was RM10.75 sen in FY2020 and basic loss per share was RM2.95 sen in FY2019 (restated).

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 2020 ("**FY2020**"), together with the restated comparative figures for the financial year ended 30 September 2019 ("**FY2019**"). The financial results have been reviewed by the Company's audit committee ("**Audit Committee**") and approved by the Board on 31 December 2020. All amounts set out in this announcement are presented in thousand of Malaysian Ringgit ("**RM'000**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	**2020** **RM'000**	2019 *RM'000* (Restated)
Continuing operations			
Revenue	*4*	**301,584**	343,356
Cost of sales		**(378,245)**	(361,059)
Gross loss		**(76,661)**	(17,703)
Income from concession agreements	*4*	**3,043**	366
Other income		**1,901**	3,123
Impairment losses of financial assets and contract assets, net		**(32,662)**	(1,763)
Administrative and other expenses		**(38,817)**	(53,356)
Other losses, net		**(50,419)**	(4,081)
Finance costs		**(6,661)**	(4,089)
Loss before tax	*5*	**(200,276)**	(77,503)
Income tax (expense)/credit	*6*	**(5,644)**	4,924
Loss for the year from continuing operations		**(205,920)**	(72,579)
Discontinued operation			
Profit for the year from discontinued operation		**18,813**	17,303
Impairment loss on non-current assets held for sale		**(11,150)**	–
		7,663	17,303
Loss and total comprehensive loss for the year		**(198,257)**	(55,276)

	Notes	2020 RM'000	2019 RM'000 (Restated)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company			
Loss from continuing operations		**(201,206)**	(70,366)
Profit from discontinued operation		**7,663**	17,303
Loss attributable to owners of the Company		**(193,543)**	(53,063)
Non-controlling interests			
Loss from continuing operations		**(4,714)**	(2,213)
Profit from discontinued operation		**–**	–
Loss attributable to non-controlling interests		**(4,714)**	(2,213)
		(198,257)	(55,276)
Loss per share			
From continuing and discontinued operations			
Basic (RM sen)	*7*	**(10.75)**	(2.95)
Diluted (RM sen)	*7*	**(10.75)**	(2.95)
From continuing operations			
Basic (RM sen)	*7*	**(11.18)**	(3.91)
Diluted (RM sen)	*7*	**(11.18)**	(3.91)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	2020 RM'000	2019 RM'000
Non-current assets			
Property, plant and equipment	8	**235**	36,057
Right-of-use assets		**18,894**	–
Investment properties		**25,507**	507
Goodwill	15	**–**	2,155
Investment in associates	17	**–**	–
Investment in redeemable convertible preference shares		**1,708**	6,613
Intangible assets		**3,556**	12,835
Trade and other receivables, deposits and prepaid expenses	9	**7,686**	277,358
Contract assets		**120,052**	–
Deferred tax assets		**–**	3,602
Share application monies		**2,886**	2,886
Derivative assets		**–**	2,365
		180,524	344,378
Current assets			
Investment in redeemable convertible preference shares		**3,986**	15,431
Inventories	10	**7,720**	15,440
Trade and other receivables, deposits and prepaid expenses	9	**80,428**	139,114
Tax recoverable		**4,324**	13,784
Contract assets		**224,175**	301,631
Fixed deposits		**39,124**	39,658
Cash and bank balances		**5,617**	24,275
		365,374	549,333
Non-current assets held for sale		**293,154**	–
		658,528	549,333

	Notes	2020 *RM'000*	2019 *RM'000*
Current liabilities			
Contract liabilities		**5,315**	7,120
Trade and other payables	*12*	**389,329**	257,833
Obligations under finance leases		**–**	6,394
Borrowings – secured		**69,286**	301,438
Share application monies		**54,270**	37,230
Lease liabilities		**3,385**	–
Tax liabilities		**–**	1,005
		521,585	611,020
Liabilities directly associated with non-current assets held for sale		**199,367**	–
		720,952	611,020
Net current liabilities		**(62,424)**	(61,687)
Total assets less current liabilities		**118,100**	282,691
Non-current liabilities			
Obligations under finance leases		**–**	2,227
Deferred tax liabilities		**429**	11,751
Derivative liabilities		**–**	2,700
Lease liabilities		**18,258**	–
		18,687	16,678
NET ASSETS		**99,413**	266,013
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**9,862**	9,862
Reserves		**94,810**	256,696
		104,672	266,558
Non-controlling interests		**(5,259)**	(545)
TOTAL EQUITY		**99,413**	266,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**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 Windward 3, Regatta Office Park, 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'000 which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group for FY2020 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 ("**Listing Rules**") and the Hong Kong Companies Ordinance.

Going concern assumption

During the financial year ended 30 September 2020, the Group incurred a loss attributable to owners of approximately RM193.5 million and recorded net current liabilities of approximately RM62.4 million. The net current liabilities arose mainly from increase in trade and other payables to finance the work progress of ongoing construction projects and receipt of RM54.3 million as application monies for issuance of redeemable preference shares by a subsidiary to finance the concession business.

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 negotiation with a purchaser to dispose a subsidiary for approximately RM93.8 million ("**Disposal**").

As disclosed in Note 18, the Company has entered into a share purchase agreement on 16 November 2020. On 30 December 2020, an extraordinary general meeting ("**EGM**") has been held and the Disposal has been approved by the shareholders of the Company.

The completion of the Disposal is subject to the approval of the Government of Malaysian through the Public Private Partnership Unit (Unit Kerjasama Awam Swasta) of the Prime Minister's Department.

The basis for preparation of the financial statements on going concern assumption is therefore dependent on the completion of the Disposal, continuous financial support from its lenders, clients and creditors and the operations of the Group to generate sufficient cash flows in the future to fulfil its obligation as and when they fall due.

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 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 of the Group 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 the Disposal will be completed within reasonable timeframe and the Group will obtain the continuous 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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 October 2019. IFRSs comprise International Financial Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

IFRS 16 "Leases"

The Group has adopted IFRS 16 from 1 October 2019 without restating comparative information for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. As a result, the reclassifications and adjustments arising from the adoption of IFRS 16 are therefore not reflected in the consolidated statement of financial position as at 30 September 2019, but are recognised in the opening consolidated statement of financial position as at 1 October 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 October 2019 was 6.32%.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and HK(IFRIC)-int 4 Determining whether an Arrangement contains a Lease.

Balance sheet (extract)	30 September 2019 As originally presented *RM'000*	Adoption of IFRS 16 Recognition of leases *RM'000*	1 October 2019 Restated *RM'000*
Non-current assets			
Property, plant and equipment	36,057	(20,707)	15,350
Right-of-use assets	–	40,323	40,323
Capital and Reserves			
Reserves	256,696	(73)	256,623
Non-current liabilities			
Obligations under finance leases	2,227	(2,227)	–
Lease liabilities	–	20,791	20,791
Current liabilities			
Obligations under finance leases	6,394	(6,394)	–
Lease liabilities	–	7,519	7,519

	RM'000
Operating lease commitments disclosed as at 30 September 2019	30,790
Discounted using the lessee's incremental borrowing rate at the date of initial application	20,567
Add: obligations under finance leases	8,621
Less: short-term leases recognised on a straight-line basis as expense	(878)
Lease liabilities recognised as at 1 October 2019	28,310
Of which are:	
Current lease liabilities	7,519
Non-current lease liabilities	20,791
	28,310

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

– the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

– reliance on previous assessments on whether leases are onerous;

– the accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases;

– the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

– the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17.

(b) The Group's leasing activities and how these are accounted for

Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment and prepaid land lease payments were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 October 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable;

– variable lease payment that are based on an index or a rate;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability;

– any lease payments made at or before the commencement date less any lease incentives received;

– any initial direct costs; and

– restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The application of these new IFRSs will not have material impact on the consolidated financial statements of the Group.

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENTAL INFORMATION

(a) Revenue

	2020	2019
	RM'000	*RM'000*
		(Restated)
Building construction revenue	**297,477**	343,306
Building maintenance service income	**14,804**	10,415
Supply and installation of elevators	**817**	17
	313,098	353,738
Representing:		
Continuing operations	**301,584**	343,356
Discontinued operation	**11,514**	10,382
	313,098	353,738

(b) Income from concession agreements

	2020	2019
	RM'000	*RM'000*
		(Restated)
Income from concession agreements		
– imputed interest income:		
(i) Universiti Teknologi Mara ("**UiTM**")	**41,681**	42,395
(ii) Renewable Energy Power Purchase Agreement ("**REPPA**")	**3,043**	366
	44,724	42,761
Representing:		
Continuing operations	**3,043**	366
Discontinued operation	**41,681**	42,395
	44,724	42,761

(c) Segment Information

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

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

(ii) Energy infra-structure – 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) Earthworks and infra-structure – provision of construction services in earthworks and infra-structure construction works;

(v) Concession and maintenance – provision of development and construction services under REPPA; and

(vi) 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 infra-structure (discontinued operation).

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

Segment Revenue

Financial year 2020

	Building and structures *RM'000*	Energy infra-structure *RM'000*	Mechanical and electrical *RM'000*	Earthworks and infra-structure *RM'000*	Concession and maintenance *RM'000*	(Discontinued operation) Concession and maintenance *RM'000*	Others *RM'000*	Sub-total *RM'000*	Elimination *RM'000*	Consolidated *RM'000*
SEGMENT REVENUE										
External revenue	132,678	36,482	10,626	446	114,154	53,195	10,241	357,822	–	357,822
Inter-segment revenue	1,976	–	7,571	–	–	–	2,248	11,795	(11,795)	–
Total	134,654	36,482	18,197	446	114,154	53,195	12,489	369,617	(11,795)	357,822
RESULT										
Segment result	(100,714)	(26,066)	(4,928)	(14,693)	3,211	15,820	(5,850)	(133,220)	–	(133,220)
Unallocated corporate income less expenses										(2,731)
Other losses, net										(50,419)
Loss before tax										(186,370)

Other entity-wide segment information

As at 30 September 2020

	Building and structures *RM'000*	Energy infra-structure *RM'000*	Mechanical and electrical *RM'000*	Earthworks and infra-structure *RM'000*	Concession and maintenance *RM'000*	(Discontinued operation) Concession and maintenance *RM'000*	Others *RM'000*	Sub-total *RM'000*	Unallocated *RM'000*	Consolidated *RM'000*
Amounts included in the measure of segment results or segment assets:										
Additions of property, plant and equipment	66	–	–	–	–	23	30	119	–	119
Depreciation of property, plant and equipment	2,676	440	82	95	–	23	98	3,414	–	3,414
Depreciation of right-of-use assets	3,866	663	219	196	1,308	253	141	6,646	–	6,646
Impairment of goodwill	2,155	–	–	–	–	–	–	2,155	–	2,155
Amortisation of intangible assets	278	–	23	–	–	475	–	776	–	776
Impairment/(Reversal of impairment) of:										
Property, plant and equipment	14,034	–	–	(2,414)	–	–	–	11,620	–	11,620
Right-of-use assets	12,016	–	–	–	–	–	–	12,016	–	12,016
Trade receivables	11,231	1,936	268	(401)	–	–	406	13,440	–	13,440
Contract assets	8,004	–	–	11,218	–	–	–	19,222	–	19,222
Gain on disposal of property, plant and equipment	(825)	–	–	62	–	–	–	(763)	–	(763)
Gain on disposal of right-of-use assets	(531)	–	–	–	–	–	–	(531)	–	(531)
Net gain on derivatives	–	–	–	–	–	–	(335)	(335)	–	(335)

Segment Revenue

Financial year 2019 (Restated)

	Building and structures RM'000	Energy infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infra-structure RM'000	Concession and maintenance RM'000	(Discontinued operation) Concession and maintenance RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE										
External revenue	291,606	21,072	14,911	7,293	4,692	52,777	4,148	396,499	–	396,499
Inter-segment revenue	–	–	36,063	–	–	–	3,141	39,204	(39,204)	–
Total	291,606	21,072	50,974	7,293	4,692	52,777	7,289	435,703	(39,204)	396,499
RESULT										
Segment result	(54,872)	(3,669)	(7,372)	(2,883)	496	23,885	(1,947)	(46,362)	–	(46,362)
Unallocated corporate income less expenses										(2,569)
Other losses, net										(4,081)
Loss before tax										(53,012)

Other entity-wide segment information

Financial year 2019 (Restated)

	Building and structures RM'000	Energy infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infra-structure RM'000	Concession and maintenance RM'000	(Discontinued operation) Concession and maintenance RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results or segment assets:										
Additions of intangible assets	2,961	214	59	33	–	–	42	3,309	–	3,309
Additions of property, plant and equipment	2,152	–	–	–	–	130	–	2,282	–	2,282
Depreciation of property, plant and equipment	7,209	521	285	499	–	196	107	8,817	–	8,817
Impairment of goodwill	4,757	–	–	–	–	–	–	4,757	–	4,757
Amortisation of intangible assets	890	–	376	1	–	475	–	1,742	–	1,742
Bad debts written off	331	–	376	–	–	79	199	985	–	985
Impairment/(Reversal of impairment) of:										
Property, plant and equipment	–	–	–	2,601	–	–	–	2,601	–	2,601
Trade receivables	(1)	–	1,004	(709)	–	–	–	294	–	294
Other receivables	–	1,500	–	–	–	–	–	1,500	–	1,500
Contract assets	(27)	(2)	(1)	–	–	–	–	(30)	–	(30)
Property, plant and equipment written off	8	–	–	1	–	–	–	9	–	9
Gain on disposal of property, plant and equipment	(12)	–	–	(235)	–	–	–	(247)	–	(247)
Net loss on derivatives	–	–	–	–	–	–	335	335	–	335

External segment revenue includes revenue and income from concession agreements as presented in the consolidated statement of profit or loss and other comprehensive income.

Segment results represents the profit of each segment without allocation of corporate income and expenses, other losses, and income tax expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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:

	2020	2019
	RM'000	*RM'000*
		(Restated)
Total segment revenue	**369,616**	435,703
Less: Inter-segment revenue	**(11,795)**	(39,204)
Less: Income from concession agreements	**(3,043)**	(366)
Less: Income from discontinued operation	**(53,194)**	(52,777)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**301,584**	343,356

5. LOSS FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2020	2019
	RM'000	*RM'000*
Amortisation of intangible assets	**776**	1,742
Auditor's remuneration		
Audit services	**446**	446
Non-audit services	**396**	–
Cost of sales and services	**378,245**	361,059
Depreciation charge of:		
Property, plant and equipment	**3,414**	8,817
Right-of-use assets	**6,646**	–
Impairment of property, plant and equipment	**11,620**	2,601
Impairment of right-of-use assets	**12,016**	–
Gain on disposal of property, plant and equipment	**(763)**	(247)
Impairment loss on non-current assets held for sale	**11,150**	–
Bad debts written off	**–**	985
Property, plant and equipment written off	**–**	9
Minimum lease payments under operating leases	**–**	870
Staff costs including directors' emoluments		
– Wages and salaries	**21,704**	30,074
– Employees Provident Fund	**2,400**	3,419
	24,104	33,493

6. INCOME TAX EXPENSE/(CREDIT)

	2020	2019
	RM'000	*RM'000*
Malaysia corporate income tax:		
Current year	**3,598**	4,469
Under-provision/(Over-provision) in prior years	**2,020**	(1,049)
	5,618	3,420
Deferred tax:		
Current year	**6,269**	(1,466)
Under-provision in prior years	**–**	310
	6,269	(1,156)
	11,887	2,264
Representing:		
Continuing operations	**5,644**	(4,924)
Discontinued operation	**6,243**	7,188
	11,887	2,264

7. LOSS PER SHARE

	2020	2019 (Restated)
From continuing and discontinued operations		
Basic *(RM sen)*	**(10.75)**	(2.95)
Diluted *(RM sen)*	**(10.75)**	(2.95)
From continuing operations		
Basic *(RM sen)*	**(11.18)**	(3.91)
Diluted *(RM sen)*	**(11.18)**	(3.91)

Basic

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

	2020	2019
	RM'000	*RM'000*
		(Restated)
Profit/(loss) for the year attributable to the owners of the Company for the purpose of basic loss per share:		
Loss from continuing operations	**(201,206)**	(70,366)
Profit from discontinued operation	**7,663**	17,303

	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 FY2020 as there is no potential dilutive shares during the current reporting period.

8. PROPERTY, PLANT AND EQUIPMENT

During FY2020, the Group acquired items of property, plant and equipment for RM0.1 million (FY2019: RM2.3 million).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2020	2019
	RM'000	*RM'000*
Trade receivables:		
Third parties	**74,118**	345,369
Related parties	**3,156**	7,871
Less: Provision for loss allowance	**(15,272)**	(1,832)
	62,002	351,408
Retention receivables:		
Third parties	**1,521**	4,614
Related parties	**8,499**	8,412
	10,020	13,026
Other receivables:		
Third parties	**9,264**	13,177
Related parties	**1,515**	2,805
Less: Provision for loss allowance	**(1,500)**	(1,500)
	9,279	14,482
Stakeholders' sum	**–**	26,800
Refundable deposits	**4,799**	5,061
Prepaid expenses	**2,002**	5,610
Goods and services tax receivable	**12**	85
	88,114	416,472
Analysed for reporting purposes as:		
Current assets	**80,428**	139,114
Non-current assets	**7,686**	277,358
	88,114	416,472

Included in trade receivables from third parties are receivables arising from concession agreements amounted to approximately RM Nil (2019: RM274,793,000) at 30 September 2020.

The following is an aged analysis of trade receivables (excluding receivables arising from the concession agreements) presented based on the invoice date (net of provision for loss allowance of trade receivables) at the end of each reporting period:

	2020	2019
	RM'000	*RM'000*
0 to 30 days	**18,585**	43,579
31 to 90 days	**7,038**	7,440
Over 90 days	**36,379**	25,596
	62,002	76,615

Reconciliation of loss allowance for trade receivables:

	2020	2019
	RM'000	*RM'000*
At 1 October	**1,832**	1,538
Increase in loss allowance for the year	**13,440**	294
At 30 September	**15,272**	1,832

10. INVENTORIES

	2020	2019
	RM'000	*RM'000*
Unsold completed units:		
At cost	**7,720**	15,440

11. SHARE CAPITAL

The share capital as at 30 September 2020 and 30 September 2019 represents the share capital of the Company with details as follows:

	Number of shares	**Amounts**	**Amounts**
		Hong Kong Dollar	
		HK$'000	*RM'000*
Ordinary shares of HK$0.01 each			
Authorised:			
As at 1 October 2018,			
30 September 2019 and 30 September 2020	**5,000,000,000**	**50,000**	
Issued and fully paid:			
As at 1 October 2018,			
30 September 2019 and 30 September 2020	**1,800,000,000**	**18,000**	**9,862**

12. TRADE AND OTHER PAYABLES

	2020	2019
	RM'000	*RM'000*
Trade payables:		
Third parties	**160,070**	146,508
Related parties	**45,273**	5,150
	205,343	151,658
Retention sum payable:		
Third parties	**35,597**	36,007
Related parties	**12,944**	13,326
	48,541	49,333
Other payables:		
Third parties	**31,645**	5,680
Amount owing to an associated company	**5,144**	–
Accrued expenses	**95,991**	48,478
Goods and services tax payable	**2,665**	2,684
	389,329	257,833

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

	2020	2019
	RM'000	*RM'000*
0 - 30 days	**34,096**	37,276
31 - 90 days	**45,672**	16,320
Over 90 days	**125,575**	98,062
	205,343	151,658

13. RELATED PARTY TRANSACTIONS

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

	2020	2019
	RM'000	*RM'000*
Construction revenue from related parties	**6,649**	78,502
Construction cost paid to related parties	**6,737**	3,093
Other expenses paid to related parties	**–**	1,025

14. DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend to the shareholders of the Company (the "**Shareholders**") for FY2020.

15. GOODWILL

	2020 *RM'000*	2019 *RM'000* (Audited)
At beginning of the year	**2,155**	6,912
Impairment during the year	**(2,155)**	(4,757)
At end of the year	**–**	2,155

Goodwill arising from business combination has been allocated to the following cash-generating unit ("**CGU**").

	2020 *RM'000*	2019 *RM'000*
BGMC Corporation Sdn. Bhd. ("**BGMC Corporation**")	**–**	2,155

As at 30 September 2020, the Directors performed a review of the recoverable amount of goodwill and concluded that the recoverable amount pertaining to the CGU of BGMC Corporation was less than its carrying amount plus goodwill allocated. Accordingly, the related goodwill of RM2,155,000 (2019: RM4,757,000) had been impaired and recognised in the profit or loss.

The recoverable amount of the CGU has been determined on the basis of value in use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a 2-year period (2019: 2-year period). The cash flows from the third to fifth year period are prepared based on the best estimate of the management taking into account existing secured contracts and estimation of contracts to be secured during that period (2019: extrapolated using a constant growth rate).

The key assumptions for the value in use calculations as at the end of the reporting period are as follows:

	2020		2019	
	Growth rate for cash flows between third and fifth years	**Discount rate applied**	Growth rate for cash flows between third and fifth years	Discount rate applied
CGU				
BGMC Corporation	**1.90%**	**12.88%**	1.90%	12.88%

(a) Growth rate

The growth rate is forecasted after considering factors like general market conditions, industry specific and other relevant information and does not exceed the average long-term growth rate for the relevant industry.

(b) Discount rate

The discount rate applied to the cash flow projections are pre-tax and reflect the weighted average cost of capital of the CGU.

16. CONTINGENT LIABILITIES

(a) On 28 March 2019, the Company received a writ of summons together with an indorsement of claim dated 19 March 2019 in the High Court of Shah Alam, Malaysia by 47 plaintiffs ("**Plaintiffs**") against Kingsley Hills Sdn. Bhd. as the first defendant and BGMC Corporation, an indirect wholly-owned subsidiary of the Company, as the second defendant. Please refer to the Company's announcement of 28 March 2019 for further details of the litigation.

BGMC Corporation had filed an interlocutory application to strike out the Plaintiffs' case as well as a counterclaim against the Plaintiffs' claiming for alleged additional liquidated ascertained damaged ("**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 learned High Court Judge has set another date for further submission and hearing on 12 May 2020. The High Court has allowed BGMC Corporation's application and struck out the Plaintiffs' writ and statement of claim. 13 Plaintiffs have appealed against the High Court's decision to the Court of Appeal. The Court of Appeal has not fixed a date to hear the appeal as at this announcement.

Based on legal advice, the Directors are of the opinion that it is probable that BGMC Corporation has a meritable and arguable case to defeat the 13 Plaintiffs' appeal.

(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 approximately RM733,000 and interest at 5% per annum from the date of the Writ, i.e. 21 March 2018 until 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. On 22 July 2020, the High Court of Malaysia granted judgment against BME and dismissed BME's counterclaim. On 6 August 2020, BME has lodged appeal against the said judgment and the appeal is scheduled for hearing on 17 September 2021. BME had decided against a conditional stay order dated 12 October 2020 (which expired on 12 November 2020) wherein the Court proposed that the judgment sum be placed in an interest bearing account pending the disposal of the appeal.

The Directors are of the opinion that it is probable that BME has a chance to overturn the High Court judgment at the Court of Appeal and be successful in the counterclaim with the quantum to be fixed by the Court.

(c) As disclosed in the Company's announcement dated 30 June 2020, a subsidiary of the Company, in the ordinary course of business, had disputes with Customer A.

On 22 May 2020, Customer A served notices of termination of the construction engagement, alleging that the Group had delayed in completing the works under two contracts arising out of the same project. Customer A had sought to forfeit the Group's two performance bonds in the amount of approximately RM25.8 million.

On 27 May 2020, the Group has filed for an application for an injunction in the Court and has obtained an ad-interim injunction order dated 29 May 2020 against the forfeiture of the two performance bonds by Customer A, pending the disposal of the said application by the Court which is now fixed for hearing on 25 January 2021.

The Group has also initiated arbitrations on 30 June 2020 to dispute the validity of the terminations by Customer A and claim against Customer A for (i) losses of profit of approximately RM35 million (ii) return of retention sum of approximately RM4.4 million and (iii) return of the sums under the two performance bonds amounting to approximately RM25.8 million.

On 17 August 2020, Customer A issued a counterclaim of approximately RM126 million in the arbitration proceeding against the Group.

As at the date of this announcement, no hearing has been fixed and the final arbitration judgment on the dispute between the Group and Customer A is expected to be granted not earlier than 2022.

The Directors are of the opinion that the Group has a good arguable case to persuade the arbitrator to rule the facts in favour of the Group.

(d) On 20 November 2020, BGMC Corporation, being a wholly-owned subsidiary of the Company and a member of the Group, received a demand letter from a licensed bank in Malaysia (the "**Bank**"), in which the Bank alleged that it had received a demand against a bank guarantee from a beneficiary (the "**Beneficiary**") being a customer of BGMC Corporation, in the sum of approximately RM5.5 million, and unless the Beneficiary withdraws its demand or the Bank is restrained from performing its obligations, the Bank would effect payment of the sum demanded to the Beneficiary on 24 November 2020.

Based on the demand letter from the Beneficiary to the Bank, the said demand was related to a performance bond provided by BGMC Corporation to the Beneficiary for a development project, for which the Beneficiary alleged that BGMC Corporation has not duly performed its contractual obligation.

On 23 November 2020, through its solicitors, BGMC Corporation filed an application (the "**Application**") to the Kuala Lumpur High Court against the Beneficiary, which restrains it from receiving the sum demanded by the Beneficiary. On 24 November 2020, the Kuala Lumpur High Court granted an interim injunction in favour of BGMC Corporation, which restrained the Beneficiary, their respective agents, employees and/or officers from effecting the claims of the performance bond or receiving the payment or part payment under the performance bond from the Bank until the disposal of the originating summons filed by BGMC Corporation against the Beneficiary, and it was further ordered that an inter-parte hearing for the Application would be held on 29 January 2021.

17. INVESTMENT IN ASSOCIATES

	2020	2019
	RM'000	*RM'000*
Investment in associates:		
At cost (RM2)	**–**	–

Details of the investment in associates as of 30 September 2020 are as follows:

Name of associate	**Place of incorporation and operation**	**Proportion of ownership interest and voting power held**		**Principal activity**
		2020	2019	
Sparks Energy International Limited ("**SPARKS**")	Cayman Islands	**45.1%**	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.

18. EVENT AFTER THE REPORTING PERIOD

On 16 November 2020, the Group entered into a share purchase agreement with AB Concession Venture Sdn. Bhd. to dispose of its entire shareholding in a wholly owned subsidiary, KAS Engineering Sdn. Bhd. for approximately RM93.8 million. On 30 December 2020, EGM has been held and the disposal has been approved by the shareholders of the Company. For further details, please refer to the Company's announcement and the circular dated 11 December 2020.

Considerations in respect of COVID-19 (coronavirus) and the current economic environment

The outbreak of the COVID-19 pandemic has impacted economic activities worldwide. Many countries have imposed restrictions on non-essential services and business operations, and have also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. For the financial year ended 30 September 2020, the impact of COVID-19 have been reflected in this set of financial statements.

As the situation is still evolving and will be affected by the degree to which governments are able to contain the spread of the virus in countries where the Group operates, the full impact of the COVID-19 pandemic on the Group's performance for the financial year ending 30 September 2021 could not be reasonably ascertained when this set of financial statements was authorised for issuance.

The Group and the Company are taking steps to proactively manage the businesses and take the necessary actions to ensure that the long-term business prospects of the Group and the Company remain stable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

BGMC is a full-fledged, integrated solutions provider operating in two business sectors. One of them is the Construction Services sector (comprising Building and Structures segment, Energy Infra-structure segment, Mechanical and Electrical segment, and Earthworks and Infra-structure segment) which undertakes primarily construction service contracts not exceeding five years. The other is the Concession and Maintenance sector which undertakes Public Private Partnership ("**PPP**") contracts with a duration of around 20 years.

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structures segment	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government-led infra-structure and facility projects.
	Energy Infra-structure segment	Has two previously independent businesses: (a) design and construction of medium and high voltage power substations; and (b) installation of medium and high voltage underground cabling systems. Is also responsible for developing and constructing the utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infra-structure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthworks and Infra-structure segment	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infra-structure installation.
Concession and Maintenance	Build, Lease, Maintain and Transfer ("**BLMT**") model	A concession to build a campus over a three-year period and to lease it to UiTM for a period of 20 years, and to provide asset management services for 20 years. The Group had however entered into a share purchase agreement to dispose the entire shareholding in the subsidiary that own this concession on 16 November 2020.
	Build, Own and Operate ("**BOO**") model	A concession to build a solar power plant, and to generate and to sell such power generated from the plant to national utility company for 21 years.

CONSTRUCTION SERVICES SECTOR

The Construction Services sector contributed RM180.2 million, or 59.7%, to the consolidated revenue of the Group in FY2020, against RM334.9 million, or 97.5%, in FY2019. These substantial decreases are directly impacted by the imposition of the Movement Control Order ("**MCO**"), Conditional Movement Control Order ("**CMCO**") and Recovery Movement Control Order ("**RMCO**") by the Government of Malaysia to contain the spread of COVID-19 pandemic. During the MCO period which spanned from the 18 March 2020 until 12 May 2020, all our construction sites remained closed and not operational. It has not only halted our ability to generate work done and revenue, but has also directly prolonged the duration needed to complete our projects.

Our projects, are however, given the green light to resume works on site on 4 May 2020 subject to each of our project site followed the standard operating procedure ("**SOP**") imposed by the Construction Industry Development Board ("**CIDB**"). The SOP carries the principle of social distancing and is put in place to avoid the spreading of COVID-19 disease. One of the major requirements for resuming works at project site is to carry out swab test for all the workers entering the project site while operating hours have also been adjusted to reduce the effective working hours on site. Our project sites have since resumed work at different date as the swab test results are delivered over a period of time due to limitation in laboratories capacity.

In view of the above, all our projects are in need of a revised completion date. Together with the delays that have not been granted with extension of time ("**EOT**"), we have estimated the liquidated ascertained damages ("**LAD**") for all the major ongoing projects. These estimations are however recoverable upon the Group obtaining the EOT for each individual project.

During the year under review, the Construction Services sector secured 7 contracts of total worth RM18.4 million. It is also with regret that the Group had received Notice of Termination by Customer A. The total contract sum for the terminated projects is RM515.9 million. As at 30 September 2020, we will be kept busy with an outstanding order book of RM597.4 million (2019: RM1.2 billion).

The Group's major ongoing projects are as follows:

Project Name and Description
The Sky Seputeh: Construction of two 37-storey towers with 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.
Bangsar 61: Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, KL, Malaysia.
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.
TNB Worker's Quarters: Construction of one block of eight-storey executive quarters (24 units), three blocks of nine-storey non-executive quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.

Building and Structures

As the leading segment of the Construction Services sector and the Group as a whole with sizeable contracts on hand, Building and Structures contributed RM132.7 million, or 44.0%, to the Group's consolidated revenue in FY2020, compared to RM291.6 million, or 84.9%, in FY2019 (restated). Such decrease was mainly due to: (i) the impact of lower recognition of work done due to the temporary stop work order in conjunction to the MCO; (ii) the impact of imposing the estimated LAD in all the major ongoing projects capturing the delays caused by both activities on the sites and the closure of all sites by the impositions of MCO; and (iii) the Sentral Suites project was terminated by Customer A.

During FY2020, this segment has not secured any new project as the Group switches its focus to (i) comply to the SOP imposed by the Government of Malaysia and resume work at the project site emerging out from MCO; (ii) increase the productivity and work done for the existing ongoing project as challenges are ahead with the new normal; (iii) the limitation imposed by our difficult financial position. The immediate objective is to deploy more resources to implement the existing projects at a faster pace and therefore reduces any delay that is currently recorded. Besides aiming to complete the project soonest, these steps may also increase the contribution towards the revenue recognition in the immediate future. Meanwhile, the Group is also in the midst of obtaining the necessary EOT to cover the delays caused by both the activities at the sites and the MCO.

As at 30 September 2020, the Building and Structures segment had an outstanding order book of RM520.8 million (2019: RM1.1 billion).

Energy Infra-structure

During FY2020, the Energy Infra-structure segment has contributed a revenue of RM36.5 million or equivalent to 12.1% of the Group's consolidated revenue, as compared with RM21.1 million or 6.1% of the consolidated revenue for FY2019 (restated). This increase is due to (i) the changes of the revenue mix of the Group; (ii) the installation of major equipment at the power substation project PMU 275/132 kilovolt ("**kV**") Damansara Heights has completed; and, (iii) the work progress at two 132kV underground cabling works contracts, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim projects.

During FY2020, this segment has not secured any new project. As at 30 September 2020, Energy Infra-structure segment had an outstanding order book of RM29.3 million (2019: RM59.8 million).

Mechanical and Electrical

The Mechanical and Electrical segment has recorded a revenue of RM10.6 million or 3.5% contribution to the consolidated revenue for FY2020, as compared with RM14.9 million or 4.3% contribution to consolidated revenue for FY2019 (restated). The decrease is recorded as most of the ongoing projects are still in the early stage of progress.

During the year under review, the Mechanical and Electrical segment has secured 7 contracts of total worth RM18.4 million. As at 30 September 2020, the Mechanical and Electrical segment recorded an outstanding order book of RM47.2 million (2019: RM79.1 million).

Earthworks and Infra-structure

The Earthworks and Infra-structure segment has recorded a revenue of RM0.4 million for FY2020, or 0.1% of the consolidated revenue, as compared with RM7.3 million or 2.1% contribution recorded in FY2019 (restated). The decrease of the segment revenue was mainly because all the projects have been completed and the Group are proceeding to prepare the final account for the projects. Activities in this segment will be minimal going forward while the resources will be redeployed to other segments.

CONCESSION AND MAINTENANCE SECTOR

BGMC has two PPP contracts currently, namely a concession contract with UiTM which is operated under the BLMT model, and the Solar Power Purchase Agreement signed with Tenaga Nasional Berhad ("**TNB**"), a sole power distributor for Peninsular Malaysia, which is operated under BOO model.

BLMT Model – UiTM Campus

There are two sources of income derived from this concession contract, namely the imputed interest income, and building maintenance service income. During FY2020, the BLMT model has brought a total income of RM53.2 million to the Group, as compared with a total income of RM52.8 million for FY2019.

As at 30 September 2020, the remaining period of the concession stood at 15 years and 2 months. The outstanding imputed interest income and contract value for the building maintenance services as at 30 September 2020 stood at RM733.4 million (2019: RM788.5 million) and RM163.7 million (2019: RM173.8 million) respectively, receivable over the remaining period of the concession.

The Company's proposed sale of concession rights of UiTM Campus through disposal of KAS Engineering was approved in EGM on 30 December 2020. For details, please refer to the circular dated 11 December 2020.

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

This new concession contract that the Group has entered into is a contract to build a LSSPV plant, to generate and to sell the power generated from the plant to TNB. The plant has an output capacity of 30 megawatts alternate current ("**MWa.c.**") located at Kuala Muda, Kedah, Malaysia.

Currently, the Group is working towards the commercial operation date ("**COD**") so as to enable the plant to begin with the supply of electricity. The COD will now be revised to the 1st quarter of 2021 as compared to the original date of 30 September 2020. The revised date is required as the project came across with the disruption to the supply chain caused by the outbreak of COVID-19 pandemic and also the suspension of construction works due to imposition of MCO by the Government of Malaysia.

During FY2020, the BOO business model has a revenue of RM111.1 million (FY2019 (restated): RM4.3 million or 1.3%), representing 36.8% of the consolidated revenue of the Group.

FINANCIAL REVIEW

Revenue

The Group's total revenue decreased from RM343.4 million in FY2019 (restated) to RM301.6 million. The decrease in revenue was mainly due to a lower contribution from the Construction Services sector. The Construction Services sector contributed RM180.2 million to the consolidated revenue of the Group in FY2020 against RM334.9 million in FY2019 (restated) as the imposition of MCO has impeded the work done carried out at project sites. The Concession and Maintenance sector, however, contributed RM111.1 million in FY2020 compared to RM4.3 million in FY2019 as the construction of LSSPV plant has progressively moved towards the completion.

Gross Loss

The Group recorded a gross loss of RM76.7 million in FY2020 as compared to RM17.7 million in FY2019 (restated). Such adverse change was mainly attributable to (i) the impact of lesser revenue after the deduction of the LAD for all the major ongoing projects caused by the activities at construction site and the imposition of the MCO; (ii) further project cost adjustment as a result of the need to comply to the new SOP for prevention of COVID-19; and (iii) provision for loss making and terminated projects.

Administrative and Other Expenses

Administrative and other expenses decreased from RM53.4 million in FY2019 (restated) to RM38.8 million in FY2020, mainly due to decrease in staff cost form RM33.5 million in FY2019 to RM24.1 million in FY2020.

Finance Costs

Finance costs for FY2020 were RM6.7 million compared to RM4.1 million in FY2019. There is only a marginal change to the previous year. Majority of the finance cost is incurred for short term borrowings for financing working capital of the Company and also for the interest accrued for redeemable preference shares.

Income Tax

Income tax credit reversed from RM4.9 million in FY2019 (restated) to tax expense of RM5.6 million in FY2020, mainly due to reversal of deferred tax asset amounting to RM3.6 million and under provision of income tax expenses amounting to RM2.0 million recorded in financial year ended 2020.

Liquidity, Financial Resources and Capital Structure

Net gearing ratio of the Group (calculated by dividing the net debts by equity attributable to owners of the Company) is recorded at 0.25 time as at 30 September 2020 as compared to 0.89 time as at 30 September 2019. This decrease was mainly due to the reclassification of bank borrowings of KAS Engineering Sdn. Bhd. to liability associated with non-current assent held for sale.

Cash and bank balances (including fixed deposits) stood at RM44.7 million as at 30 September 2020 as compared with RM63.9 million as at 30 September 2019, representing a decrease of RM19.2 million.

Net Current Liabilities

Net current liabilities of the Group stood at RM62.4 million as at 30 September 2020, as compared with net current liabilities of RM61.7 million as at 30 September 2019, representing an increase of RM0.7 million.

The Board regularly reviews the maturity analysis of the Group's contractual liabilities and concludes 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 procurement of construction machinery and equipment such as aluminum formwork system, which was funded by hire purchase, the net proceeds from its global offering completed in August 2017 and internally generated funds. During FY2020, BGMC acquired RM0.1 million worth of construction machinery and equipment compared with RM2.3 million for FY2019.

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 17 of the consolidated financial statements above, the Group did not hold any other significant investment during FY2020.

Employees and Remuneration Policies

As at 30 September 2020, the Group had 229 employees as compare to 408 as at 30 September 2019. Total staff costs incurred in FY2020 were RM24.1 million compared to RM33.5 million recorded in FY2019. The reduction is due to the rationalization program that we have carried out since 2019 and also in response to the COVID-19 pandemic.

Remuneration is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. Periodic in-house training is provided to enhance the knowledge of the workforce. Meanwhile, external training programs conducted by qualified personnel are also attended by employees to enhance their skills set and working experience.

The Group has adopted a share option scheme which became effective on 9 August 2017, being the date of listing of the shares of the Company on the Stock Exchange, to enable the Board to grant share options to eligible participants giving them 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 share option scheme.

LEGAL PROCEEDINGS

Set out below is a brief summary of the legal proceedings, details of which are set out "Appendix V – General Information – 6. Litigations" in the Company's circular dated 11 December 2020 and Note 16 of the consolidated financial statements above.

(a) On 28 March 2019, the Company 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 against Kingsley Hills Sdn. Bhd. as the first defendant and BGMC Corporation Sdn. Bhd. ("**BGMC Corporation**"), an indirect wholly-owned subsidiary of the Company, as the second defendant. Please refer to the Company's announcement of 28 March 2019 for further details of the litigation.

(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. 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 RM733,292.45 and interest at 5% per annum from the date of the Writ, i.e. 21 March 2018 till 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. On 22 July 2020, the High Court of Malaysia granted judgment against BME and dismissed BME's counterclaim. On 6 August 2020, BME has lodged appeal against the said judgment and the appeal is scheduled for hearing on 17 September 2021. BME had decided against a conditional stay order dated 12 October 2020 (which expired on 12 November 2020) wherein the Court proposed that the Judgment sum be placed in an interest bearing account pending the disposal of the Appeal.

(c) As disclosed in the Company's announcement dated 30 June 2020, a subsidiary of the Company, in the ordinary course of business, had disputes with Customer A. As of present, the legal proceeding is ongoing. No hearing has been fixed and the final arbitration judgment on the dispute between the Group and Customer A is expected to be granted not earlier than 2022.

(d) On 20 November 2020, BGMC Corporation, being a wholly-owned subsidiary of the Company and a member of the Group, received a demand letter from a licensed bank in Malaysia (the "**Bank**"), in which the Bank alleged that it had received a demand against a bank guarantee from a beneficiary (the "**Beneficiary**") being a customer of BGMC Corporation, in the sum of approximately RM5.5 million, and unless the Beneficiary withdraws its demand or the Bank is restrained from performing its obligations, the Bank would effect payment of the sum demanded to the Beneficiary on 24 November 2020. For details, please refer to the Company's announcement dated 24 November 2020.

FUTURE PROSPECT

FY2020 has so far been a really tough and challenging period for BGMC. The spill-over impact from the sluggish property market and the global economic turbulence in year 2019 has continued to plague both the Group's top and bottom lines. The Group's projects were also affected by the disruption to the supply chain of building materials when China imposed a lock down of their major cities to contain the spreading of COVID-19 pandemic. This disruption has partially caused a slowdown in the progress of all our major projects particularly the construction of large-scale solar plant. As the lock down in China started by the end of January, the manufacturers are not able to deliver some of the key equipment as planned and has pushed back the delivery plan. The situation is made more complicated when the Government of Malaysia imposed the MCO to contain the spread of COVID-19 pandemic, effectively ceasing all construction activities at our projects site except for those necessary maintenance task. Notwithstanding with the resumption of works at project sites, the Government's effort in introducing the new normal and new SOP to the community has created a new sphere and working conditions for all our operations. Though they are much better comparing to the time when all the project sites suspended operation, the new moves have also complicated the day to day works on site and off site.

The Board and management of BGMC recognise the challenges along the path ahead, especially with all the challenges that are all beyond our control and have formulated feasible strategies to keep BGMC survive this tough situation. Our immediate focus will be to manage our operating cost more efficiently while deploying the right resources to speed up the progresses at all major ongoing projects. In the meantime, negotiations to procure the necessary extension of time for the projects will continue until satisfactory results are achieved.

While extra cares given to manage the projects, we will also focus on meeting the Group's financial needs during this exceptional time. This is of utmost important as the Group's finances were facing challenges before the outbreak of the COVID-19 pandemic as losses were recorded in the previous financial year. More hiccups and setbacks have appeared since suspension of works at project site and therefore zero income have been recorded during the MCO period. Troubled by the zero income, more capital is needed to restart the works at the project site post MCO amid with requirements to comply with all the new SOPs. Strengthening the Group' liquidity will therefore be paramount to ensure the Group's ability to sail through this turbulence. To bolster the Group's position to repay borrowings and to meet the working capital need, we will strategize to monetise the Group's asset. Not only will this move assist in generating cash to the Group, it may also help the Group in realising its long-term investment immediately.

We reckon we are sailing against the high tide going forward, we will nevertheless strive to do better than staying alive. With more than 20 years of experiences and as an integrated solutions provider in the construction services industry, BGMC will stay committed to ensure we have what it takes to ride through this challenging period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for FY2020 (FY2019: nil).

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 2020, 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 Holdings Berhad ("**BGMC Holdings**") 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 2020, 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 and wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially and wholly owned by Seeva International Limited ("**Seeva International**") which in turn is beneficially and 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.

On 7 October 2020, Tan Sri Barry Goh subsequently ceased to be an executive Director.

(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 2020.

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 *(Note)*	Prosper International	Beneficial owner	100	100%
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Note: Tan Sri Barry Goh subsequently ceased to be an executive Director on 7 October 2020.

Save as disclosed above, as at 30 September 2020, 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.

CHANGE OF DIRECTORS

There have been changes to the Board composition during FY2020 and as at the date of this announcement:

(a) with effect from 7 October 2020: (1) Tan Sri Barry Goh tendered his resignation as an executive Director and ceased to be a member of the remuneration committee of the Board (the "**RC**"); (2) Ms. Chan May May tendered her resignation as an independent non-executive Director ("**INED**") and ceased to be a chairperson of the RC, a member of the nomination committee of the Board (the "**NC**") and a member of the audit committee of the Board (the "**AC**"); (3) Datuk Kamalul Arifin Bin Othman has been appointed as an INED, the chairperson of the RC, a member of the NC and a member of the AC; and (4) Tan Sri Dato' Seri Kong Cho Ha, an INED, has been appointed as a member of the RC.

(b) with effect from 16 July 2020: (1) Ir. Azham Malik Bin Mohd Hashim has tendered his resignation as an executive Director; and (2) Mr. Ching Hong Seng has been appointed as an executive Director.

(c) with effect from 3 July 2020: (1) Mr. Ng Yuk Yeung has tendered his resignation as an INED and ceased to be the chairperson of the AC and a member of the RC; and (2) Mr. Kua Choh Leang has been appointed as an INED, the chairperson of the AC and a member of the RC.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2020 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 FY2020, the Company has complied with the applicable code provisions of the CG Code.

EVENTS AFTER FY2020

Save for the proposed disposal of KAS Engineering as disclosed in Note 18, since 30 September 2020, 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.

For details of the proposed disposal of KAS Engineering which was approved in EGM on 30 December 2020, please refer to the circular dated 11 December 2020.

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 FY2020.

CHANGE OF AUDITOR

Deloitte PLT ("**Deloitte**") resigned as the auditor of the Company with effect from 23 July 2020. ZHONGHUI ANDA CPA Limited was appointed as the new auditors of the Group with effect from 6 October 2020 to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next AGM of the Company.

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 8 October 2020. The Audit Committee has reviewed the audited consolidated financial statements of the Group for FY2020 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.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

The following is the extract of the independent auditors' report of the Company:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of approximately RM193,543,000 for the year ended 30 September 2020 and as at 30 September 2020, the Group had net current liabilities of approximately RM62,424,000. In addition, the Group had outstanding bank and other borrowings amounting to approximately RM69,286,000 which would be due for repayment within the next twelve months. The cash and bank balances, pledged fixed deposits and restricted fixed deposits of the Group as at 30 September 2020 amounted to approximately RM5,617,000, RM22,768,000 and RM16,356,000 respectively. Furthermore, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the continuous support of the Group's bankers and the timing of completion of disposal of KAS Engineering Sdn. Bhd. ("**the Disposal**") as stipulated in note 16 to the consolidated financial statements. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which mainly depends upon the continuous support of the Group's bankers and the timing of completion of the Disposal. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the bankers' continuous support and unsuccessful Disposal. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

(b) Provision for legal and professional fee and disclosure of contingent liabilities

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy and completeness of provision for legal and professional fee of approximately RM967,000 as at 30 September 2020. There are no other satisfactory audit procedures that we could adopt to determine whether the contingent liabilities as disclosed in note 45 is properly disclosed in the consolidated financial statements and further provision for legal and professional fee is required.

(c) Provision for performance bonds and impairment loss on trade receivables and contract assets

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the accuracy and completeness of the provision for two performance bonds of approximately RM25,797,000 and provision for impairment loss on trade receivables and contract assets of approximately RM31,568,000 as at 30 September 2020.

(d) The effect of provision for liquidated ascertained damages ("LAD")

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the effect of liquidated and ascertained damages ("**LAD**") of a project to the project contract sum, and project revenue for the year ended 30 September 2020 and contract assets as at 30 September 2020. There are no other satisfactory audit procedures that we could adopt to determine whether the LAD is properly included in the calculation of project contract sum and project revenue recognised in the consolidated financial statements for the year ended 30 September 2020 and contract assets as at 30 September 2020.

Any adjustments to the above figures might have a significant consequential effect on the Group's consolidated financial performance for the year, the consolidated financial position as at 30 September 2020 and the related disclosures in the consolidated financial statements.

THE COMPANY AND AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF AUDIT OPINION

The Board and Audit Committee have reviewed the Disclaimer Opinion as set out above, and are confident that the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue its businesses and operations as a going concern and the going concern issue will be fully resolved in due course:

(a) As set out in the circular dated 11 December 2020, the Group's proposed sale of KAS Engineering for approximately RM93.8 million is subject to fulfilment of conditions, which are (1) obtaining approval at the EGM as required under the Listing Rules to approve the transactions contemplated under the Share Purchase Agreement; (2) obtaining written approval of the Malaysian Government through UKAS for the Purchaser to acquire the Sale Shares and for the changes to the shareholders and the shareholding structure of KAS Engineering; (3) all representations, undertakings and warranties given by the Seller under the Share Purchase Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion Date. As of the date of this announcement, condition (1) has been fulfilled as the proposed sale was approved in EGM held on 30 December 2020. The Group is in the course of obtaining government approval to fulfil condition (2), and is confident that conditions (2) and (3) will be fulfilled by the Long Stop Date (16 February 2021, being 3 months after the date of Share Purchase Agreement) according to the Share Purchase Agreement. The Board is optimistic that, after utilizing part of the sale proceeds to settle the overdue amount, the Group would be able to improve its credit ratings and hence obtain support from the banks who will provide additional bank facilities to enhance the Group's liquidity. With such financial support, the Group would be in a position to deploy more sub-contractors to speed up the existing construction progress.

(b) There are certain legal proceedings still on-going, but the outcome and length of proceedings are uncertain. The Group will closely monitor the said proceedings and engage competent legal professionals to defend the cases. These are not expected to adversely affect the Group's operating activities.

(c) Customer A has commenced legal proceeding against the Group to forfeit the performance bonds of approximately RM25,797,000 and the Group made an impairment loss on trade receivables and contract assets of approximately RM9,278,000. The Group expects to obtain the judgment on its application against the proposed forfeiture in early 2021 and accordingly can only then provide an accurate and clear audit evidence as to the amount of adverse judgment (if any). Even if the performance bonds above are forfeited, the Group expects that the sale proceeds of KAS Engineering and the anticipated bank facilities as referenced in paragraph (a) would be sufficient to off-set the adverse impact.

Customer B and Customer C were currently in financial difficulties and failed to settle amount due to the Group, and the Group for prudence sake has provided for an impairment loss on trade receivables and contract assets of approximately RM22,290,000 as at 30 September 2020. Although no legal actions have been taken, the Group considers it more cost-efficient to initiate legal actions after the pandemic situation improves and Customer B and Customer C would then be more probable to have financial resources to settle the amount due to the Group. The Group believes that such estimates of impairment losses are reasonable and will not further adversely affect the Group's operating activities.

(d) A construction project was halted because the contracting party is not responsive to the Group's enquiry about construction implementation and progress payment, which is believed to be due to the reason that the said customer's holding company is in serious financial difficulties. Accordingly, the Group has stopped construction work and therefore is potentially liable to an estimated liquidated ascertained damages (LAD) as it falls behind schedule. However, since the Group stopped work due to the said customer's failure to give instructions, hence the Group is unlikely at fault for the exposure of estimated LAD. The Group is in the course of seeking legal advice on the appropriate course of action and opinion so that a more sufficient audit evidence can be obtained to prove the position above and the Group's entitlement to lawful termination.

The audit committee of the Company (the "**Audit Committee**") has reviewed the Disclaimer Opinion and the basis thereof. The management of the Company (the "**Management**") has reviewed the impact of the Disclaimer and the action plan above. There was no disagreement between the views of the Audit Committee and the Management in respect of (i) the Disclaimer Opinion, and (ii) the Company's plan to address the Disclaimer above.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 September 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 September 2020. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary 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 FY2020 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.

By Order of the Board
BGMC International Limited
Datuk Kamalul Arifin Bin Othman
Chairman and Independent Non-Executive Director

Malaysia, 31 December 2020

As at the date of this announcement, the Board comprises Dato' Mohd Arifin Bin Mohd Arif (Vice-chairman), Dato' Teh Kok Lee (Chief Executive Officer) and Ching Hong Seng as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Kua Choh Leang and Datuk Kamalul Arifin Bin Othman as independent non-executive Directors.