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## **BGMC International Limited**

**璋利國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1693)**

### **AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group from continuing operations increased from RM190.5 million (re-presented) in FY2020 to RM285.8 million in FPE2022.
- The Group gross loss from continuing operations decreased from RM82.0 million (re-presented) in FY2020 to RM50.1 million in FPE2022.
- Loss attributable to the owners of the Company was RM56.5 million in FPE2022 as compared with a loss of RM193.5 million in FY2020.
- Basic loss per share was RM3.14 sen in FPE2022 and basic loss per share was RM10.75 sen in FY2020.

The board of directors of BGMC International Limited (“**Company**”, “**Directors**” and “**Board**”, respectively) announces the audited consolidated results of the Company and its subsidiaries (collectively, “**Group**” or “**BGMC**”) for the period from 1 October 2020 to 31 March 2022 (“**FPE2022**”), together with the comparative figures for the financial year ended 30 September 2020 (“**FY2020**”). The financial results have been reviewed by the Company’s audit committee (“**Audit Committee**”) and approved by the Board on 30 June 2022. 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 PERIOD FROM 1 OCTOBER 2020 TO 31 MARCH 2022*

		<b>Period from 1 October 2020 to 31 March 2022</b>	Year ended 30 September 2020
	<i>Note</i>	<b>RM'000</b>	<i>RM'000</i> (re-presented)
<b>Continuing operations</b>			
<b>Revenue</b>	5	<b>285,828</b>	190,473
Cost of sales		<u>(335,886)</u>	<u>(272,425)</u>
<b>Gross loss</b>		<b>(50,058)</b>	(81,952)
Other income		<b>50,742</b>	1,735
Impairment losses of financial assets and contract assets, net		<b>(13,786)</b>	(32,662)
Administrative and other expenses		<b>(35,491)</b>	(34,645)
Other gains/(losses), net		<b>5,370</b>	(50,419)
Finance costs		<u><b>(3,887)</b></u>	<u>(5,353)</u>
<b>Loss before tax from continuing operations</b>	6	<b>(47,110)</b>	(203,296)
Income tax credit/(expense)	7	<u><b>2,421</b></u>	<u>(5,616)</u>
<b>Loss and total comprehensive loss from continuing operations</b>		<b>(44,689)</b>	(208,912)
<b>Discontinued operations</b>			
(Loss)/Profit for the period/year from discontinued operations	8	<u><b>(14,610)</b></u>	<u>10,655</u>
<b>Loss and total comprehensive loss for the period/year</b>		<u><b>(59,299)</b></u>	<u>(198,257)</u>

		<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
<b>Loss and total comprehensive loss for the period/ year attributable to:</b>			
Owners of the Company			
Loss from continuing operations		<b>(42,190)</b>	(204,048)
(Loss)/Profit from discontinued operations		<b>(14,352)</b>	10,505
		<u><b>(56,542)</b></u>	<u>(193,543)</u>
Non-controlling interests			
Loss from continuing operations		<b>(2,499)</b>	(4,864)
(Loss)/Profit from discontinued operations		<b>(258)</b>	150
		<u><b>(2,757)</b></u>	<u>(4,714)</u>
		<u><b>(59,299)</b></u>	<u>(198,257)</u>
<b>Loss per share</b>			
From continuing and discontinued operations			
Basic (RM sen)	9	<u><b>(3.14)</b></u>	<u>(10.75)</u>
Diluted (RM sen)	9	<u><b>(3.14)</b></u>	<u>(10.75)</u>
From continuing operations			
Basic (RM sen)	9	<u><b>(2.34)</b></u>	<u>(11.34)</u>
Diluted (RM sen)	9	<u><b>(2.34)</b></u>	<u>(11.34)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 MARCH 2022*

		<b>As at 31 March 2022 RM'000</b>	As at 30 September 2020 RM'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>145</b>	235
Right-of-use assets		<b>279</b>	18,894
Investment properties		<b>25,188</b>	25,507
Goodwill		–	–
Investment in an associate		–	–
Investment in redeemable convertible preference shares	<i>18</i>	–	1,708
Intangible assets		<b>1,242</b>	3,556
Trade and other receivables, deposits and prepaid expenses	<i>11</i>	–	7,686
Contract assets		–	120,052
Share application monies		–	2,886
		<b>26,854</b>	180,524
<b>Current assets</b>			
Investment in redeemable convertible preference shares	<i>18</i>	<b>5,694</b>	3,986
Inventories	<i>12</i>	–	7,720
Trade and other receivables, deposits and prepaid expenses	<i>11</i>	<b>71,600</b>	80,428
Tax recoverable		<b>3,902</b>	4,324
Contract assets		<b>115,519</b>	224,175
Fixed deposits		<b>35,236</b>	39,124
Cash and bank balances		<b>2,118</b>	5,617
		<b>234,069</b>	365,374
Assets classified as held for sale	<i>10</i>	<b>212,396</b>	293,154
		<b>446,465</b>	658,528

		As at 31 March 2022 RM'000	As at 30 September 2020 RM'000
	<i>Note</i>		
<b>Current liabilities</b>			
Contract liabilities		7,425	5,315
Trade and other payables	14	192,291	389,329
Borrowings – secured		2,794	69,286
Share application monies		–	54,270
Lease liabilities		264	3,385
		<u>202,774</u>	<u>521,585</u>
Liabilities directly associated with assets classified as held for sale	10	<u>124,803</u>	<u>199,367</u>
		<u>327,577</u>	<u>720,952</u>
<b>Net current assets/(liabilities)</b>		<u>118,888</u>	<u>(62,424)</u>
<b>Total assets less current liabilities</b>		<u>145,742</u>	<u>118,100</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		–	429
Trade payables	14	47,897	–
Lease liabilities		161	18,258
		<u>48,058</u>	<u>18,687</u>
<b>NET ASSETS</b>		<u>97,684</u>	<u>99,413</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	13	9,862	9,862
Reserves		95,838	94,810
		<u>105,700</u>	<u>104,672</u>
Non-controlling interests		<u>(8,016)</u>	<u>(5,259)</u>
<b>TOTAL EQUITY</b>		<u>97,684</u>	<u>99,413</u>

## 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, PO 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 Company and its subsidiaries (together the “**Group**”) for FPE2022 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.

#### **Reclassification due to discontinued operations**

On 24 March 2022, BGMC Corporation Sdn. Bhd. (“**BGMC Corporation**”), an indirect wholly-owned subsidiary of the Company, entered into a Deed of Arrangement with reNIKOLA Sdn. Bhd. (“**reNIKOLA**”), an independent third party, to dispose of the interest in 95% ordinary shares in BGMC Bras Power Sdn. Bhd. (“**BGMC Bras Power**”). As at 31 March 2022, the Directors believe the disposal is highly probable and the net carrying value of the relevant assets and liabilities of BGMC Bras Power be recovered principally through sale rather than through continuing use. Accordingly, as at 31 March 2022, the assets and liabilities attributable to BGMC Bras Power have been reclassified as held for sale as at 31 March 2022 and presented the result of BGMC Bras Power as discontinued operations.

On 16 November 2020, the Group announced to dispose of the entire issued share capital of KAS Engineering Sdn. Bhd. (“**KAS Engineering**”) at the consideration of RM93,787,000. As at 30 September 2020, the Directors believed the disposal was highly probable and the net carrying value of the relevant assets and liabilities of KAS Engineering be recovered principally through sale rather than through continuing use. Accordingly, as at 30 September 2020, the assets and liabilities attributable to KAS Engineering had been reclassified as held for sale as at 30 September 2020 and presented the result of KAS Engineering as discontinued operations.

The results of BGMC Bras Power for the period from 1 October 2020 to 31 March 2022 (“**Period**”) and KAS Engineering for the period from 1 October 2020 to 11 June 2021 (date of disposal) are presented separately as one line-item below loss and total comprehensive loss from continuing operations as “discontinued operations” in the consolidated statement of profit or loss and other comprehensive income. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented as “discontinued operations”.

### Going concern assumption

During the Period, the Group incurred a loss of approximately RM59.3 million (FY2020: RM198.3 million) and net cash used in operating activities of approximately RM87.3 million (FY2020: net cash generated from operating activities of approximately RM6.4 million). 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.

Nevertheless, the Directors of the Company have adopted the going concern basis in the preparation of the consolidated financial statements based on the following:

- (i) BGMC Corporation has entered into the reNIKOLA Advance Agreement with reNIKOLA on 24 March 2022 and the Supplemental reNIKOLA Advance Agreement on 13 May 2022 (Collectively known as "**Advance Agreements**") with reNIKOLA, an independent third party, who will purchase interest in 95% ordinary shares in BGMC Bras Power, another indirect subsidiary of the Company (as disclosed in the Company's announcement dated 27 June 2022). reNIKOLA shall advance a loan of RM49.9 million to BGMC Corporation for the sole purpose of BGMC Corporation advancing a loan of RM49.9 million to BGMC Bras Power to (i) fulfill the terms and conditions under the Power Purchase Agreement dated 27 March 2018 entered into between Tenaga Nasional Berhad and BGMC Corporation; (ii) pay the contractors of BGMC Bras Power; and (iii) pay the sums due and payable by BGMC Bras Power under the sukuk bond programme. As of the date the consolidated financial statements have been authorised for issue, RM47.8 million has been advanced from reNIKOLA for the above purposes;
- (ii) a controlling shareholder has agreed to provide continuing financial support to the Group for at least twelve months from the date of these consolidated financial statements;
- (iii) repayment from customers amounting RM26.2 million which were under dispute but settlement is expected to be received in the next twelve months; and
- (iv) completion of the disposal of BGMC Bras Power to reNIKOLA.

The basis for preparation of the consolidated financial statements on going concern assumption is therefore dependent on financing from reNIKOLA, repayment from customers, disposal of BGMC Bras Power, continuous financial support from a controlling shareholder, 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 the Group will obtain the financing from reNIKOLA for BGMC Bras Power and the continuous financial support from a controlling shareholder, the lenders and creditors which will enable the Group to operate in the foreseeable future, and accordingly, realise its assets and discharge its liabilities in the normal course of business.

### 3. CHANGE OF FINANCIAL YEAR END DATE

The financial year end of the Group was changed from 30 September to 31 March. Accordingly, comparative amounts for the statement of profit or loss and other comprehensive income and the related notes are not entirely comparable.

### 4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### Adoption of Amendments to IFRSs

During the Period, the Group has applied the following new and amendments to International Financial Reporting Standards (“IFRSs”) and International Accounting Standards (“IASs”) issued by the International Accounting Standard Board (“IASB”) that are relevant to the operations to the Group and are effective for accounting periods beginning on or after 1 October 2020:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendment to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in IFRS Standards” and the amendments to IFRSs in the current period has had no material impact on the Group’s financial positions and performance for the Period and prior years and/or on the disclosures set out in these consolidated financial statements.

#### New standards and amendments to standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>3</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to International Interpretation 5 (2020) <sup>4</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>4</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>4</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>4</sup>
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>3</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>3</sup>



- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2021
- <sup>2</sup> Effective for annual periods beginning on or after 1 April 2021
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2022
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2023
- <sup>5</sup> Effective for annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the related impact of adopting the above new and amendments to IFRSs and IASs. So far, it has concluded that the above new and amendments IFRSs and IASs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

## 5. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENTAL INFORMATION

### (a) Revenue

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
Building construction revenue	355,611	297,477
Building maintenance service income	8,232	14,804
Supply and installation of elevators	903	817
	<b>364,746</b>	<b>313,098</b>
Representing:		
Continuing operations	285,828	190,473
Discontinued operations	78,918	122,625
	<b>364,746</b>	<b>313,098</b>
Timing of revenue recognition:		
Over time	364,746	313,098

(b) **Income from concession agreements**

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
Income from concession agreements		
– imputed interest income:		
(i) Universiti Teknologi Mara (“UiTM”)	27,262	41,681
(ii) Renewable Energy Power Purchase Agreement (“REPPA”)	4,962	3,043
	<u>32,224</u>	<u>44,724</u>
Representing:		
Continuing operations	–	–
Discontinued operations	32,224	44,724
	<u>32,224</u>	<u>44,724</u>

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

In addition to the above reportable segments, the Group has certain operating segments (including supply and installation of elevators) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under “*Others*” segment.

The operating results of KAS Engineering and BGMC Bras Power before the disposal were classified as discontinued operation of the Group and were excluded from the segment information for the Period. For the purpose of making decisions about resources allocation and performance assessment after the disposal of KAS Engineering and BGMC Bras Power, the Executive Director decided to make some reclassification among the remaining business units, the comparative figures of segment information for the year ended 30 September 2020 have been re-presented accordingly.

## Segment revenue

### Period from 1 October 2020 to 31 March 2022

Continuing operations	Building and structures RM'000	Energy Infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infrastructure RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>								
External revenue	247,937	12,737	24,738	(9,546)	9,962	285,828	-	285,828
Inter-segment revenue	-	-	6,248	-	14,290	20,538	(20,538)	-
<b>Total</b>	<b>247,937</b>	<b>12,737</b>	<b>30,986</b>	<b>(9,546)</b>	<b>24,252</b>	<b>306,366</b>	<b>(20,538)</b>	<b>285,828</b>
<b>RESULT</b>								
Segment results	(68,424)	(2,479)	(7,664)	(2,814)	(1,413)	(82,794)	-	(82,794)
Unallocated corporate income								30,314
Other gains, net								5,370
Loss before tax from continuing operations								(47,110)

## Other entity-wide segment information

### Period from 1 October 2020 to 31 March 2022

Continuing operations	Building and structures RM'000	Energy Infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infrastructure RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results of segment assets:								
Depreciation of property, plant and equipment	30	1	44	5	7	87	-	87
Depreciation of right-of-use-assets	527	21	96	1	13	658	-	658
Amortisation of intangible assets	2,158	3	85	13	55	2,314	-	2,314
Impairment/(Reversal of impairment) of:								
Property, plant and equipment	(6,451)	(8)	(253)	(38)	(166)	(6,916)	-	(6,916)
Right-of-use assets	(6,482)	(9)	(254)	(39)	(166)	(6,950)	-	(6,950)
Trade receivables	3,390	4	3,135	(54)	109	6,584	-	6,584
Contract assets	4,046	5	3,113	(2,408)	104	4,860	-	4,860
Loss on disposal of property, plant and equipment	8,079	10	233	(357)	208	8,173	-	8,173

## Segment revenue

### Year ended 30 September 2020 (re-presented)

Continuing operations	Building and structures RM'000	Energy Infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infrastructure RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>								
External revenue	132,678	36,482	10,626	446	10,241	190,473	-	190,473
Inter-segment revenue	1,976	-	7,571	-	2,248	11,795	(11,795)	-
<b>Total</b>	<b>134,654</b>	<b>36,482</b>	<b>18,197</b>	<b>446</b>	<b>12,489</b>	<b>202,268</b>	<b>(11,795)</b>	<b>190,473</b>
<b>RESULT</b>								
Segment results	(100,714)	(26,066)	(4,928)	(14,693)	(5,850)	(152,251)	-	(152,251)
Unallocated corporate income								(626)
Other gains, net								(50,419)
Loss before tax from continuing operations								(203,296)

## Other entity-wide segment information

### Year ended 30 September 2020 (re-presented)

Continuing operations	Building and structures RM'000	Energy Infra-structure RM'000	Mechanical and electrical RM'000	Earthworks and infrastructure RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Total RM'000
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	66	-	-	-	30	96	-	96
Depreciation of property, plant and equipment	2,676	440	82	95	97	3,390	-	3,390
Depreciation of right-of-use-assets	3,866	663	219	196	141	5,085	-	5,085
Impairment of goodwill	2,155	-	-	-	-	2,155	-	2,155
Amortisation of intangible assets	278	-	23	-	-	301	-	301
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)

## 6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is stated after charging/(crediting) the following:

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
Amortisation of intangible assets	2,314	301
Auditor's remuneration		
Audit services	799	453
Non-audit services	–	175
Cost of sales and services	335,886	272,425
Depreciation charge of:		
Property, plant and equipment	87	3,390
Right-of-use assets	658	5,085
(Reversal)/Impairment of property, plant and equipment	(6,916)	11,620
(Reversal)/Impairment of right-of-use assets	(6,950)	12,016
Legal and professional fees	6,507	1,786
Loss on disposal of a subsidiary	25,684	–
Loss/(Gain) on disposal of property, plant and equipment	8,173	(763)
Impairment loss on assets classified as held for sale	–	11,150
Staff costs including directors' emoluments		
– Wages and salaries	16,156	19,745
– Employees Provident Fund	2,270	2,389

## 7. INCOME TAX EXPENSE/(CREDIT)

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
Malaysia Corporate Income Tax:		
Current period/year	3,569	3,598
(Over-provision)/Under-provision in prior years	(1,971)	2,020
	1,598	5,618
Deferred tax:		
Current period/year	1,280	6,269
	2,878	11,887
Representing:		
Continuing operations	(2,421)	5,616
Discontinued operations	5,299	6,271
	2,878	11,887

## 8. DISCONTINUED OPERATIONS

### **KAS Engineering**

On 16 November 2020, BGMC Corporation entered into a share purchase agreement (the “**Share Purchase Agreement**”) with AB Concession Venture Sdn. Bhd. (“**AB Concession Venture**”), pursuant to which BGMC Corporation disposed of the entire issued share capital of KAS Engineering at a consideration of RM93,787,000 (“**Disposal**”).

The equity interests of AB Concession Venture were held by Tan Sri Dato’ Sri Goh Ming Choon (“**Tan Sri Barry Goh**”) as to 75% and Dato’ Mohd Arifin bin Mohd Arif (“**Dato’ Arifin**”) as to 25% as at the date of the Share Purchase Agreement. While AB Concession Venture is expected to continue to be wholly owned by Tan Sri Barry Goh and Dato’ Arifin, the share percentage ratio might be subject to further changes as agreed between Tan Sri Barry Goh and Dato’ Arifin from time to time.

Tan Sri Barry Goh is the controlling shareholder of the Company who has resigned as director of the Company on 7 October 2020 while Dato’ Arifin is an executive director of the Company.

The disposal was completed on 11 June 2021. Details of the disposal are set out in the Company’s announcements dated 11 November 2020, 11 June 2021 and the Company’s circular dated 10 December 2020. KAS Engineering was engaged in concession with the government of Malaysia for the construction of a university building, and building maintenance service provider for the said university building which was under the segment of “concession and maintenance”. As at 30 September 2020, the Directors believed the disposal was highly probable and the net carrying value of the relevant assets and liabilities of KAS Engineering be recovered principally through sale rather than through continuing use. Accordingly, as at 30 September 2020, the assets and liabilities attributable to KAS Engineering had been reclassified as held for sale as at 30 September 2020 and presented the result of KAS Engineering for the year ended 30 September 2020 and for the period from 1 October 2020 to 11 June 2021 (date of disposal) as discontinued operation.

### **BGMC Bras Power**

On 24 March 2022, BGMC Corporation entered into a Deed of Arrangement with reNIKOLA, pursuant to which reNIKOLA will acquire the interest in 95% ordinary shares in BGMC Bras Power. The details are set out in the Company’s announcement dated 27 June 2022.

BGMC Bras Power is engaged in concession and maintenance, which undertakes Private Partnership Contracts related to solar plant of duration of 21 years.

The completion of the disposal is subject to shareholders' approval and other conditions. Upon the completion of the disposal of BGMC Bras Power, the Group will discontinue its concession and maintenance business which is under the segment of "concession and maintenance". As at 31 March 2022, the Directors believed the disposal was highly probable and the net carrying value of the relevant assets and liabilities of BGMC Bras Power be recovered principally through sale rather than through continuing use. Accordingly, as at 31 March 2022, the assets and liabilities attributable to BGMC Bras Power had been reclassified as held for sale as at 30 September 2020 and presented the result of BGMC Bras Power as discontinued operation.

All the operations disclosed above are classified as discontinued operations for the Period and the year ended 30 September 2020 and their results are as follows:

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000 (re-presented)
Profit of KAS Engineering	<b>16,242</b>	18,813
Loss on disposal of KAS Engineering	<b>(25,684)</b>	–
Remeasurement loss on disposal of KAS Engineering	–	(11,150)
(Loss)/profit of BGMC Bras Power	<b>(5,168)</b>	2,992
	<b><u>(14,610)</u></b>	<b><u>10,655</u></b>
(Loss)/profit for the period/year from discontinued operations		
(Loss)/profit for the period/year from discontinued operations attributable to:		
Owners of the Company	<b>(14,352)</b>	10,505
Non-controlling interests	<b>(258)</b>	150
	<b><u>(14,610)</u></b>	<b><u>10,655</u></b>

## 9. LOSS PER SHARE

	<b>Period from 1 October 2020 to 31 March 2022</b>	Year ended 30 September 2020 (re-presented)
From continuing and discontinued operations		
Basic ( <i>RM sen</i> )	<u>(3.14)</u>	<u>(10.75)</u>
Diluted ( <i>RM sen</i> )	<u>(3.14)</u>	<u>(10.75)</u>
From continuing operations		
Basic ( <i>RM sen</i> )	<u>(2.34)</u>	<u>(11.34)</u>
Diluted ( <i>RM sen</i> )	<u>(2.34)</u>	<u>(11.34)</u>

### Basic

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

	<b>Period from 1 October 2020 to 31 March 2022 <i>RM'000</i></b>	Year ended 30 September 2020 <i>RM'000</i> (re-presented)
Loss and total comprehensive loss for the period/year attributable to the owners of the Company for the purpose of basic loss per share:		
Loss from continuing operations	(42,190)	(204,048)
(Loss)/Profit from discontinued operations	<u>(14,352)</u>	<u>10,505</u>
Loss attributable to owners of the Company	<u>(56,542)</u>	<u>(193,543)</u>
	<b>Number of shares</b>	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/financial period	<u>1,800,000,000</u>	<u>1,800,000,000</u>

There is no diluted loss per share in FPE2022 as there is no potential dilutive shares during the current reporting period.



**10. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE**

The assets and liabilities directly associated with the assets classified as held for sale as at 31 March 2022 and 30 September 2020 are as follows:

	<b>As at 31 March 2022 RM'000</b>	As at 30 September 2020 RM'000
<b>Assets classified as held for sale</b>		
KAS Engineering	–	293,154
BGMC Bras Power	<u>212,396</u>	<u>–</u>
	<b><u>212,396</u></b>	<b><u>293,154</u></b>
<b>Liabilities directly associated with non-current assets held for sale</b>		
KAS Engineering	–	199,367
BGMC Bras Power	<u>124,803</u>	<u>–</u>
	<b><u>124,803</u></b>	<b><u>199,367</u></b>

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	As at <b>31 March</b> <b>2022</b> <i>RM'000</i>	As at 30 September 2020 <i>RM'000</i>
Trade receivables:		
Third parties	73,184	74,118
Related parties	–	3,156
Less: Provision for expected credit loss	(21,856)	(15,272)
	<b>51,328</b>	62,002
Retention receivables:		
Third parties	3,875	1,521
Related parties	–	8,499
	<b>3,875</b>	10,020
Other receivables:		
Third parties	8,882	9,264
Related parties	2,540	1,515
Less: Provision for expected credit loss	(2,342)	(1,500)
	<b>9,080</b>	9,279
Refundable deposits	1,046	1,089
Building construction related deposits	2,478	3,710
Prepaid expenses	194	21
Prepaid expenses to suppliers and sub-contractor	3,599	1,981
Goods and services tax receivable	–	12
	<b>71,600</b>	88,114
Analysed for reporting purposes as:		
Current assets	71,600	80,428
Non-current assets	–	7,686
	<b>71,600</b>	88,114

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:

	As at <b>31 March</b> <b>2022</b> <i>RM'000</i>	As at 30 September 2020 <i>RM'000</i>
0 to 30 days	18,813	18,585
31 to 90 days	894	7,038
Over 90 days	31,621	36,379
	<b>51,328</b>	62,002

Reconciliation of loss allowance for trade receivables:	<b>RM'000</b>
At 1 October 2019	1,832
Increase in loss allowance for the year	<u>13,440</u>
At 30 September 2020	15,272
Increase in loss allowance for trade receivables	<u>6,584</u>
At 31 March 2022	<b><u>21,856</u></b>

Reconciliation of loss allowance for other receivables:

At 1 October 2019 and 30 September 2020	1,500
Written off as uncollectible	(1,500)
Increase in loss allowance for other receivables	<u>2,342</u>
At 31 March 2022	<b><u>2,342</u></b>

**12. INVENTORIES**

	<b>As at 31 March 2022 RM'000</b>	As at 30 September 2020 RM'000
Unsold completed units:		
At cost	<u>–</u>	<u>7,720</u>

**13. SHARE CAPITAL**

The share capital as at 31 March 2022 and 30 September 2020 represents the share capital of the Company with details as follows:

	<b>Number of shares</b>	<b>Amounts Hong Kong Dollar HK\$'000</b>	<b>Amounts RM'000</b>
<b>Ordinary shares of HK\$0.01 each</b>			
<b>Authorised:</b>			
As at 1 October 2019, 30 September 2020 and 31 March 2022	<u>5,000,000,000</u>	<u>50,000</u>	
<b>Issued and fully paid:</b>			
As at 1 October 2019, 30 September 2020 and 31 March 2022	<u>1,800,000,000</u>	<u>18,000</u>	<u>9,862</u>

#### 14. TRADE AND OTHER PAYABLES

	As at 31 March 2022 RM'000	As at 30 September 2020 RM'000
Trade payables:		
Third parties	97,895	160,070
Related parties	57	45,273
	<b>97,952</b>	205,343
Retention sum payables:		
Third parties	16,043	35,597
Related parties	–	12,944
	<b>16,043</b>	48,541
Other payables:		
Third parties	18,137	31,645
Amount owing to an associate	–	5,144
Amount owing to a related party	348	–
Accrued staff costs	431	1,396
Accrued building construction related expenses	77,414	66,004
Other accrued expenses	1,318	2,794
Provision for performance bonds	25,797	25,797
Goods and services tax payable	2,748	2,665
	<b>240,188</b>	389,329
Analysed for reporting purposes as:		
Current liabilities	192,291	389,329
Non-current liabilities	47,897	–
	<b>240,188</b>	389,329

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

	As at 31 March 2022 RM'000	As at 30 September 2020 RM'000
0 – 30 days	16,422	34,096
31 – 90 days	52,065	45,672
Over 90 days	29,465	125,575
	<b>97,952</b>	205,343

## 15. RELATED PARTY TRANSACTION

	<b>Period from 1 October 2020 to 31 March 2022 RM'000</b>	Year ended 30 September 2020 RM'000
Construction revenue/(cost) from related parties:		
D Pristine Medini Sdn. Bhd.	-	(7,448)
B&G Global Property Sdn. Bhd.	-	14,097
	<hr/>	<hr/>
Construction cost paid to a related party:		
Exa Power Sdn. Bhd.	<b>2,048</b>	<b>6,737</b>
	<hr/>	<hr/>

## 16. DIVIDENDS

The Directors do not recommend any dividend payment in respect of the current reporting period (FY2020: Nil).

## 17. 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, 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 absorbed in good faith and spirit of the full and final settlement agreement. The High Court has allowed BGMC Corporation’s application and struck out the Plaintiff’s writ and statement of claim. 13 Plaintiffs have appealed against the High Court’s decision to the Court of Appeal. On 25 August 2021, the Court of Appeal has unanimously dismissed the 13 Plaintiffs’ appeal and affirmed the High Court’s decision to strike out the Plaintiffs’ claims.

As to the counterclaim initiated by BGMC Corporation against the remaining Plaintiffs who did not appeal against the High Court’s decision (34 Plaintiffs in total) as disclosed above, the application has been dismissed by the High Court on 20 August 2021.

- (b) In the ordinary course of business, Built-Master Engineering Sdn. Bhd. (“**Built-Master Engineering**”), 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 Built-Master Engineering 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 Built-Master Engineering 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. Built-Master Engineering 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 Built-Master Engineering and dismissed Built-Master Engineering’s counterclaim. On 6 August 2020, Built-Master Engineering lodged appeal against the said judgment.

On 22 May 2021, Built-Master Engineering and the third party have entered into a settlement agreement to settle the judgment sum of RM764,000 which is included in trade payables as at 31 March 2022. As amicable settlement has been reached, Built-Master Engineering has withdrawn the appeal filed at the Court of Appeal with no order as to cost and no liberty to file afresh.

- (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 RM25,800,000.

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 performance bonds by Customer A. On 16 April 2021, the High Court granted the Group the injunction order. The next case management date for the matter is 11 August 2022.

The Group has also initiated arbitrations on 30 June 2020 (which was withdrawn and retained as two arbitrations on 26 October 2020) to dispute the validity of the terminations by Customer A and claim against Customer A for (i) losses of profit of approximately RM35,000,000 (ii) return of retention sum of approximately RM4,400,000 and (iii) return of the sums under the two performance bonds amounting to approximately RM25,800,000.

On 17 August 2020, Customer A issued a counterclaim of approximately RM126,400,000 (which then became counterclaims of approximately RM83,000,000 in the two arbitrations) in the arbitration proceeding against the Group.

As at the date the consolidated financial statements have been authorised for issue, the arbitrations proceedings are still ongoing. The next preliminary meeting for the matter is 6 September 2022.

The Group's legal counsel is in the opinion that the Group has a stronger case to persuade the arbitrator to rule the facts in the Group's favour.

- (d) On 20 November 2020, BGMC Corporation 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 ("**Beneficiary**") being a customer of BGMC Corporation, in the sum of approximately RM5,500,000, 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 ("**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. On 20 May 2021, the Kuala Lumpur High Court granted the injunction order in favour of BGMC Corporation.

The Beneficiary has applied for an appeal. The estimated payout is the bank guarantee in the sum of approximately RM5,500,000 should the action be successful. The matter is currently fixed for case management on 7 July 2022.

The burden of proving any mistake in law made by the Honourable High Court for the appeal is on the Beneficiary while the Beneficiary was still holding on to the retention sum tantamount to unconscionable conduct since the alleged back-charges for defects were certified and estimated to be approximately RM3,644,000.

Based on the advice from the Group’s legal counsel, the Directors consider BGMC Corporation has a valid defence against the litigation and has not provided for any claim arising from the litigation in these consolidated financial statements.

- (e) Pursuant to a call and put option agreement entered into between the Company, BGMC Energy Sdn. Bhd., DPI Solar 1 Pte. Ltd. (“**DPI Solar 1**”) and Sparks Energy International Limited (“**Sparks Energy**”) dated 29 August 2019, in the consideration of the put option fee and the mutual covenants and undertakings, the Company irrevocably grants to DPI Solar 1 an option to require the Company to purchase the put option shares from DPI Solar 1 at the option price of US\$1 per share. On 19 February 2021, DPI Solar 1 exercised the said put option and required the Company to purchase the put option shares, which is 50.1% of the Class 1 Preference Shares amounted to US\$10,736,000.

The Company did not purchase the said preference shares. As a result, DPI Solar 1 commenced arbitration proceedings against the Company. As at the date the consolidated financial statements have been authorised for issue, the arbitrations proceedings are still ongoing.

Based on the advice from the Group’s legal counsel, the Directors consider the Group has a valid defence against the litigation and have not provided for any claim arising from the litigation in the consolidated financial statements.

## 18. INVESTMENT IN REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	As at <b>31 March</b> <b>2022</b> <i>RM'000</i>	As at 30 September 2020 <i>RM'000</i>
Analysed for reporting purposes as:		
Current assets	<b>5,694</b>	3,986
Non-current assets	–	1,708
	<hr/>	<hr/>
Financial assets measured at FVTPL	<b><u>5,694</u></b>	<b><u>5,694</u></b>

## 19. EVENT AFTER THE REPORTING PERIOD

### (i) Effect of outbreak of coronavirus pandemic

The outbreak of the COVID-19 pandemic has caused travel restrictions and lockdown and prolonged economic downturn nationwide and worldwide since 2020. The Group and the Company are cognizant of the challenges posed by these developing events and is actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of Covid-19 to minimise the impact of Covid-19 on its business operations. The COVID-19 mitigation measures that implemented by the Group and the Company include physical distancing at work, workplace segregation, staggered work hours and lunch breaks, temperature checks and regular workplace sanitization.

At the reporting date, the Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

The Directors and management of the Group and the Company are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Group and the Company as going concern for the next twelve (12) months.

- (ii) On 13 May 2022, a Supplemental reNIKOLA Advance Agreement was signed with reNIKOLA whereby the advance amount was changed from RM19,000,000 to RM49,900,000. Should the disposal of BGMC Bras Power be unsuccessful, reNIKOLA can demand repayment from the Group and the Group is required to repay the loan plus any interest and fees to reNIKOLA within seven days from such demand.
- (iii) On 18 March 2022, BGMC Bras Power terminated the Operation, Maintenance and Management Services Agreement (“OMMA”) entered into between Sparks Energy Sdn. Bhd. and BGMC Bras Power. Subsequent to the end of the reporting period, on 26 April 2022, Sparks Energy Sdn. Bhd. has filed an injunction in aid of arbitration for the termination of OMMA. An ad-interim order was granted on 29 April 2022 (and subsequently extended until the next hearing date) with the next hearing fixed on 1 July 2022. On 27 June 2022, Sparks Energy Sdn. Bhd. has commenced arbitration proceedings against BGMC Bras Power.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

BGMC is a full-fledged integrated construction service and construction solutions provider. It operates in two business sectors namely the Construction Services sector and the Concession and Maintenance sector. The Construction Services sector, which undertakes primarily construction service contracts not exceeding five years, further comprises Building and Structure segment, Energy Infrastructure segment, Mechanical and Electrical segment, and Earthwork and Infrastructure segment. The Concession and Maintenance sector, on the other hand, undertakes primarily Public Private Partnership contracts with a duration of around 20 years.

<b>Business Sector</b>	<b>Segment/Model</b>	<b>What BGMC Does</b>
Construction Services	Building and Structure segment	Focuses on construction of low-rise and high-rise building. The nature of the building can either be (i) residential building which comprises those landed houses, apartments and condominiums; (ii) commercial building which comprises university campus, hotel tower, office tower and basement car parks; and (iii) industrial building which includes factory and power generation plant.
	Energy Infrastructure segment	Specialized in the design and building of medium and high voltage power substation and the installation of medium and high voltage underground cabling system. This segment also specializes in the establishment of the utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on the value engineering and installation of mechanical and electrical components of a building and project.
	Earthwork and Infrastructure segment	Specialize in site clearing, building platform formation, road and drainage construction and other main infrastructure installation.
Concession and Maintenance	Build, Lease, Maintain and Transfer (“ <b>BLMT</b> ”) model	A concession to build, lease, maintain and transfer of a university campus. The construction of the university campus has a 3 years contractual period while the lease and maintenance job span a 20 years contractual period.
	Build, Own and Operate (“ <b>BOO</b> ”) model	A concession to design, build, finance, own, operate and maintain a solar power plant. The power generated is sold via a 21 years Power Purchase Agreement to the utility company.

## CONSTRUCTION SERVICES SECTOR

The Construction Services sector contributed RM275.9 million, or 96.5%, to the consolidated revenue of the Group in FPE2022, as compared with RM180.2 million or 94.6% in FY2020.

The significant difference is mainly due to length of the Period contained in the FPE2022 as compared to the 12 months period recorded in FY2020. Notwithstanding the differences recorded herein, the Construction Services sector encountered a lot of challenges during the reporting period. The operation and business of this sector are seriously impacted by the imposition of the Movement Control Order (“MCO”), Conditional Movement Control Order (“CMCO”), Recovery Movement Control Order (“RMCO”), Full Movement Control Order (“FMCO”) by the Government of Malaysia throughout different time in our reporting period to contain the spread of COVID-19 pandemic. These impositions have not only reduced the effective production days of our operation, they have also cut down the productivity and momentum at all of our construction sites. The situation is made more complicated with the need to comply to the Standard Operating Procedure (“SOP”) both in the office and all our construction sites as the new normal in addition to the unexpected disruption caused by the logistic delivery system, the building material price increments and the shortage of labour supply. Ultimately, time and cost required for the completion of our projects will significantly increase.

In view of the above, all of our ongoing projects required a revised completion date. Together with the delays that have not been granted with extension of time (“EOT”), we have estimated and provided the liquidated ascertained damages (“LAD”) for all our ongoing projects. These estimation and provision are however recoverable upon the Group obtaining EOT approval for each project.

Emerging out from COVID-19 pandemic, the introduction of National Recovery Plan (“NRP”) by the Government has helped to improve the operating environment. The Group is glad that relief provided by the Temporary Measures For Reducing The Impact of Coronavirus Disease 2019 (COVID-19) Act 2020, the effective vaccination program and the gradual relaxation of SOP have contributed positively to the increase of productivity and momentum at all our construction site. These have not only contributed to the increases in the work done, it has also brought few of our ongoing projects like Setia Spice closer to completion.

The Group will be kept busy in the next eighteen months with an outstanding order book of RM319.7 million as compared to RM597.4 million in FY2020. The Group’s major ongoing projects are as follows:

<b>Project Name and Description</b>
<b>Sky Seputeh:</b> Construction of two 37-storey towers with 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.
<b>Bangsar 61:</b> Construction and completion of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, KL, Malaysia.
<b>Setia Spice:</b> 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.

## **Building and Structure Segment**

As the leading segment of the Construction Services sector and the Group, the Building and Structure segment contributed RM247.9 million, or 86.7%, to the Group's consolidated revenue in FPE2022 as compared to RM132.7 million, or 69.7%, in FY2020. Notwithstanding that the increase is mainly due to an extended reporting period, it has also contributed by (i) higher recognition of work done as the Group has been better equipped in complying to those SOP imposed; and (ii) the reduced impact of the estimated LAD in most of the ongoing projects upon obtaining EOT for the projects.

During FPE2022, the Building and Structure segment focuses on ongoing project and (i) comply to the SOP imposed by the Government in resuming work progress at all our ongoing project sites; (ii) increase the productivity and work done for the ongoing projects as the industry was facing shortage of labour supply due to border closure; and (iii) efficiently utilize the financial resources that the Group has. The objective is to deploy more resources to implement the existing projects at a faster pace and therefore reduces the delays caused by the disruption. The Group also aim to complete the projects soonest possible so as to contain the ballooning cost of projects. All these new focuses and objectives will ensure not only a successful completion of projects for our clients, it may also leave behind a good name and track record for other future opportunities.

As at 31 March 2022, the Building and Structures segment had an outstanding order book of RM301.3 million as compared to RM520.8 million in FY2020.

## **Energy Infrastructure Segment**

During the FPE2022, the Energy Infrastructure segment has contributed a revenue of RM12.7 million or about 4.4% of the Group's consolidated revenue as compared with RM36.5 million or 19.2% of the Group's consolidated revenue in FY2020. This reduction is mainly due to (i) the changes of the revenue mix focus of the Group; (ii) the suspension of work during the FMCO period; and (iii) the prolonged period of time required for the procurement of working permit from the local council.

During FPE2022, this segment has an outstanding order book of RM8.7 million as compared to RM29.3 million in FY2020. The Group is cautiously monitoring the procurement of contract for this segment as the cost structure of the project has varied tremendously recently. The price increment for the raw material like copper and cross link polyethylene has profound impact to the price of medium and high voltage cables that are required for projects categorized in this segment. Increment of price in the raw material had also varied the prices of the equipment required for the construction of the power substation.

## **Mechanical and Electrical Segment**

The Mechanical and Electrical segment has contributed RM24.7 million equivalent to 8.6% to the consolidated revenue of the Group in FPE2022 as compared with RM10.6 million equivalent to 5.6% of the consolidated revenue in FY2020. This increase is mainly attributable to (i) increase in work done of the project; and (ii) delivery and complete installation of major equipment required by the project.

With more outstanding order book being successfully turned into revenue, the segment's remaining order book now stand at RM9.7 million as compared to RM47.2 million recorded in FY2020.

### **Earthworks and Infrastructure Segment**

Though the Group possesses the track record of procuring and implementing the earthworks and infrastructure related projects, procurement activities nevertheless are minimal for this segment due to the challenging market conditions. Resources from this segment has already been redeployed to other segment of the Construction Services sector to better equip the Group in completing the other ongoing projects. The Earthworks and Infrastructure segment has recorded a revenue of negative RM9.5 million for FPE2022 due to change in the job scope in the finalisation of project account with the client during FPE2022. This change has caused the revenue which was recognised in a previous financial year to be reversed during FPE2022. The Group will not be deploying resources for this segment going forward after going through some in-depth consideration and deliberation.

### **CONCESSION AND MAINTENANCE SECTOR**

After completing the disposal of the wholly-owned subsidiary, KAS Engineering Sdn. Bhd. ("**KAS Engineering**"), on 11 June 2021, the Group as at 31 March 2022 has 1 contract under the Concession and Maintenance sector which run with the BOO model. This remaining contract encapsulated the solar Power Purchase Agreement signed with Tenaga Nasional Berhad ("**TNB**") who is also the sole power distributor in Peninsular Malaysia. For the proposed disposal of interest in BGMC Bras Power which holds the concession under the aforesaid Power Purchase Agreement, please refer to announcement dated 27 June 2022. The Company will be open to explore and procure new concession and maintenance contract if opportunities arise.

### **BLMT Model – The UiTM University Campus**

The Group derived 2 sources of income from this concession contract, namely the imputed interest and the building maintenance services income. In FPE2022, the BLMT model has contributed income amounting to RM35.2 million to the Group as compared to RM53.2 million in FY2020.

The Group had entered into a share purchase agreement on 16 November 2020 to dispose of the entire shareholding in KAS Engineering that owns this concession contract. This disposal was approved in the extraordinary general meeting on 30 December 2020. The disposal was subsequently completed on 11 June 2021 as the conditions in the share purchase agreement have been fulfilled on 17 May 2021.

Upon completion of the disposal, the Group has recorded a disposal loss of RM25.7 million in FPE2022. The disposal has nevertheless brought a much-needed cash generation of RM88.7 million. It has enabled the Group to repay bank borrowing and thus reduces the gearing ratio while allowing the Group to fund the scheme of arrangement undertaken by one of the subsidiaries of the Group ("**Scheme of Arrangement**").

## **BOO Model – Kuala Muda Large Scale Solar Photovoltaic (“LSSPV”) Power Plant**

This concession contract encapsulated the right to establish a 30 megawatt alternate current (“**MW a.c.**”) LSSPV power plant to generate and to sell the solar power to TNB for a contractual period of 21 years. The LSSPV power plant has managed to procure the Commercial Operation Date on 22 March 2022 and has since started to generate and sell the solar power to TNB even though the Group has yet to accept the construction of the LSSPV power plant fully from the Engineering, Procurement, Construction and Commissioning (“**EPCC**”) contractor. The full and final handover of the LSSPV power plant will only occur when the Group is satisfied with the completion of the defective work by the EPCC contractor.

During the FPE2022, the BOO model has recognized a construction revenue of RM71.1 million as compared to RM111.1 million in FY2020. The reduction is mainly due to the low recognizable outstanding construction revenue.

The Group has, on 24 March 2022 entered into a Deed of Arrangement to dispose of interest in 95% ordinary shares in BGMC Bras Power which operates LSSPV power plant. For more details, please refer to the announcements of the Company made on 24 March 2022 and 27 June 2022.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s total revenue for the Period was RM285.8 million as compared to RM190.5 million in FY2020. It comprises contribution of RM275.9 million equivalent to 96.5% from Construction Services sector. The significant difference is mainly due to the eighteen months period contained in the FPE2022 as compared to the 12 months period recorded in FY2020. Notwithstanding the differences due to the prolonged reporting period, the increment is also due to upsurge in the recognition of work done in all our ongoing projects. The recorded revenue is however achieved under a very challenging environment as the Group’s operation continued to face multiple project sites closure due to Government mandated lock downs or as precautionary measures when COVID-19 positive cases detected on site. When the Group was able to resume construction work under the permissible SOP and other guidelines issued by the Government and regulatory authority, productivity rates remained very low due to caps placed on the percentage of workforce allowed at sites at any given time, restrictions on the type of works that could be carried out, as well as significant disruption in the construction supply chain which led to a shortage of labour and essential building materials.

### **Gross Loss**

The Group recorded a gross loss of RM50.1 million in FPE2022 as compared to RM82.0 million in FY2020. The Group’s gross loss margin improved to 17.5% for the Period from 43.0% in FY2020. The improvement was achieved as the cost attributed to the two contracts terminated by Customer A was fully taken up in FY2020 while there is no such recognition in FPE2022.

## **Other Income**

The Group recorded other income amounting to RM50.7 million in FPE2022 as compared to RM1.7 million in FY2020. The amount recorded in FPE2022 was contributed by the gain on extinguishment of debt of RM46.1 million from the sanction of the Scheme of Arrangement entered into between the Group's wholly-owned subsidiary and its creditors.

## **Administrative and Other Expenses**

Administrative and other expenses have slightly increased from RM34.6 million in FY2020 to RM35.5 million in FPE2022. RM18.4 million was required for the staff cost.

## **Finance Cost**

The Group incurred RM3.9 million finance cost in FPE2022 as compared to RM5.4 million recorded in FY2020. The reduction in finance cost is due to repayment of bank borrowings in FPE2022.

## **Income Tax**

The income tax expenses reduced from the RM5.6 million recorded in FY2020 to the tax credit of RM2.4 million for FPE2022 mainly due to over-provision of income tax expenses amounting to RM2.0 million in FY2020.

## **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 0.01 times as at 31 March 2022 as compared to 0.54 times as at 30 September 2020. The Group repaid the bank borrowing amounting to RM59.3 million with the proceeds obtained from the sale of KAS Engineering.

Cash and bank balances (including fixed deposits) stood at RM37.4 million as at 31 March 2022 as compared with RM44.7 million as at 30 September 2020, representing a decrease of RM7.3 million.

## **Net Current Assets**

Net current assets of the Group stood at RM118.9 million as at 31 March 2022, as compared with net current liabilities of RM62.4 million as at 30 September 2020. The improvement was due to the reclassification of non-current contract of assets of BGMC Bras Power to assets classified as held for sales as the Group intended to dispose of interest in 95% ordinary shares in BGMC Bras Power which owns the concession contract of selling solar power generated by the LSSPV power plant.

The improvement is also due to a successful implementation of the Scheme of Arrangement or debt restructuring with the creditors. RM47.9 million in the trade payable is now being reclassified as non-current trade payable.

## **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 Ringgit Malaysia ("RM") and on a floating rate basis. It is the Group's policy not to enter into derivative transaction for speculative purposes.

## **Capital Expenditure**

Capital expenditure mainly consisted of procurement of construction machinery and equipment such as aluminium formwork system, which was funded by hire purchase, the net proceeds from its global offering completed in August 2017 and internally generated funds. During FPE2022, BGMC has not acquired any construction machinery and equipment (FY2020: RM0.12 million).

## **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**

The Group did not hold any other significant investment during FPE2022.

## **Employees and Remuneration Policies**

As at 31 March 2022, the Group had 130 employees as compared to 229 as at 30 September 2020. Total staff costs incurred in FPE2022 were RM18.4 million compared to RM22.1 million recorded in FY2020. The reduction is due to (i) the human resources rationalisation program that we have carried out in response to the COVID-19 pandemic; and (ii) the completion of the disposal of KAS Engineering.

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.

## **FUTURE PROSPECT**

The outbreak of COVID-19 pandemic has caused serious damages to BGMC for the past two and a half years, we have nevertheless come out on top of all the challenges so far. Complying to standard operation procedure (SOP) as required by regulatory authorities, working in the new normalcy, live together with COVID-19, implementing a debt restructuring and the rationalisation of our resources have enabled BGMC to stand stronger on a firmer footing.

Going forward, we will focus on using the resources that we have to implement the existing projects at a faster pace and therefore reduces the delays caused by the disruption. The Group also aims to complete the project soonest possible so as to contain the ballooning cost of projects. All these new focuses and objectives will not only ensure a successful completion of projects for our clients, it may also leave behind a good name and track record for other future opportunities.

While we work with the projects in hand, we have also examined and analysed our business in conjunction to the current macro-economic situation. A business plan comprising strategies was drawn up to further our business and operation forward. With the track records, experiences and other strengths that we possess, we will refocus in procuring the project that we did best in the past while not getting into those that have caused us difficulties in the past. In addition, we are trying to be innovative with our current business model and work with the property or land owner to establish development projects that could provide more revenue stream to our business. The concept of design and built for the land owner or getting involved in the development business could also be in our consideration as we need to revolutionise our business to rejuvenate BGMC into a profitable and prospective organisation.

While Construction Services sector remain one of the most important pillars of our business, we will be open for procuring contracts for the Concession and Maintenance sector. Though procuring this type of concession contract are time and cost consuming, as they involve a lot of planning and developing work, the prospect of generating project for our Construction Services sector and subsequently the longer contractual period makes this type contract worth the efforts.

In addition, we have throughout the reporting period relied on value engineering and other construction technologies to enhance our day-to-day operation and deliveries. BGMC had in year 2019 jumped on to the bandwagon of Software as a Service (“SaaS”) by subscribing to the construction SaaS that is on offer in Malaysia. The objective back then was to further increase our productivity and efficiency in delivering projects. Evaluation on the productivity and efficiency gain has so far been really promising and we are glad that we took the decision back then. While BGMC has enjoyed the productivity gain, we foresee opportunity do exist to work with the construction SaaS provider to establish a similar construction SaaS in other new market in the near future.

The mood of our talents has much improved since BGMC gain a firmer foothold after emerging out from the predicaments that we faced in the last few years. With this improvement, we look forward to carry out the task in hand with more confidence whilst we chart a new directions and ways to further our business.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for FPE2022 (FY2020: 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 31 March 2022, 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 2)
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%

“L” denotes long position

#### Notes:

- (1) On 15 December 2016, Tan Sri Dato’ Sri Goh Ming Choon (“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 indirect wholly-owned subsidiary of the Company 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 31 March 2022, 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.

- (2) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 31 March 2022.

## Interest in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity/ Nature of interest	Interests in ordinary shares	Percentage of shareholding
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2022, 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 the Period and as at the date of this announcement:

- (a) with effect from 24 June 2022, Datuk Kang Hua Keong (“**Datuk Kang**”) has been appointed as an independent non-executive Director (“**INED**”), a member of the audit committee of the Board (“**AC**” or “**Audit Committee**”), a member of the remuneration committee of the Board (“**RC**”) and a member of the nomination committee of the Board (“**NC**”).
- (b) with effect from 8 April 2022: (1) Tan Sri Dato' Seri Kong Cho Ha (“**Tan Sri Kong**”) tendered his resignation as an INED and ceases to be a chairperson of the NC, a member of the RC and a member of the AC; and (2) Kua Choh Leang (“**Mr. Kua**”) and INED, has been appointed as the chairperson of the NC.
- (c) with effect from 30 August 2021, Dato' Mohd Arifin Bin Mohd Arif tendered his resignation as an executive Director.
- (d) Mr. Ching Hong Seng (“**Mr. Ching**”) did not offer himself for re-election and hence retired as an executive Director upon the conclusion of the annual general meeting of the Company held on 31 March 2021 due to his commitment on his other business. Details of the retirement of Mr. Ching were set out in the announcement of the Company dated 29 March 2021.
- (e) 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 RC; (2) Ms. Chan May May tendered her resignation as an INED and ceased to be a chairperson of the RC, a member of the NC and a member of 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 Kong, an INED, has been appointed as a member of the RC.

## **PURCHASE, SALE OR REDEMPTION OF COMPANY’S LISTED SECURITIES**

During FPE2022 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 FPE2022, the Company has complied with the applicable code provisions of the CG Code.

## **EVENTS AFTER FPE2022**

Save as disclosed in Note 19 to the consolidated financial statements, there are no material events subsequent to the end of the period under review in this announcement.

## **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 FPE2022.

## **CHANGE OF AUDITOR**

ZHONGHUI ANDA CPA Limited (“**ZH**”) resigned as the auditor of the Company with effect from 28 December 2021. Moore Stephens CPA Limited was appointed as the new auditors of the Group with effect from 5 January 2022 to fill the casual vacancy following the resignation of ZH and to hold office until the conclusion of the next annual general meeting (“**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 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 FPE2022 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 were engaged to audit the consolidated financial statements of BGMC International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 7 to 119, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period from 1 October 2020 to 31 March 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

#### Opening balances and comparative information

The opening balances and comparative information disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 September 2020. The consolidated financial statements of the Group for the year ended 30 September 2020 were reported upon by another firm of auditors (the “**Predecessor Auditor**”), whose report dated 31 December 2020 expressed a disclaimer of opinion due to various limitations in evidence available to the Predecessor Auditor. The matters which led the Predecessor Auditor to disclaim their opinion are described in paragraphs (i) to (iii) below. Any adjustments found to be necessary might have significant effects on the figures as at and for the year ended 30 September 2020 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current period's and period end's figures and the corresponding figures.

In addition, the closing balances as at 30 September 2020 of the assets and liabilities of the Group are brought forward as the opening balances as at 1 October 2020 and hence entered into the determination of the financial performance and cash flows of the Group for the current financial period ended 31 March 2022. Hence, any adjustments found to be necessary to the closing balances of the assets and liabilities as at 30 September 2020 in respect of the matters described in paragraphs (i) to (iii) below might have significant effects on the Group's results and cash flows for the period from 1 October 2020 to 31 March 2022 and related disclosures in

the notes to the consolidated financial statements of the Group for the period from 1 October 2020 to 31 March 2022. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the period from 1 October 2020 to 31 March 2022 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

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

The Predecessor Auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the accuracy and completeness of provision for the legal and professional fee of approximately RM967,000 as at 30 September 2020. There were no other satisfactory audit procedures that the Predecessor Auditor could adopt to determine whether the contingent liabilities were properly disclosed in the consolidated financial statements for the year ended 30 September 2020 and further provision for legal and professional fee was required.

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

As disclosed in Note 33 to the consolidated financial statements, the Group had recognised the provision for two performance bonds of approximately RM25,797,000 for the year ended 30 September 2020. The Predecessor Auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves 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.

(iii) *The effect of provision for liquidation ascertained damages (“LAD”)*

The Predecessor Auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the effect of 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 were no other satisfactory audit procedures that the Predecessor Auditor could adopt to determine whether the LAD was 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.

The matters described in paragraphs (i) to (iii) above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2022.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 4(b) to the consolidated financial statements, which describes that the Group incurred a loss of approximately RM59,299,000 and net cash used in operating activities of approximately RM87,337,000 during the period from 1 October 2020 to 31 March 2022. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **EMPHASIS OF MATTER**

We draw attention to Note 2 to the consolidated financial statements which states that the consolidated financial statements for the current period covers an eighteen-month period from 1 October 2020 to 31 March 2022. The corresponding comparative amounts shown in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and related notes covered a twelve-month period from 1 October 2019 to 30 September 2020 and therefore may not be comparable with current period figures. Our opinion is not modified in respect of this matter.

## **OTHER MATTER**

The Predecessor Auditor who was engaged to audit the consolidated financial statements of the Group for the year ended 30 September 2020 expressed a disclaimer of opinion on those statements on 31 December 2020 in relation to those matters as described above and material uncertainty related to going concern, details of which are described below.

The Predecessor Auditor drew attention to Note 2 to the consolidated financial statements for the year ended 30 September 2020 published on 31 December 2020 which mentioned 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, the Predecessor Auditor was unable to obtain sufficient appropriate audit evidence to satisfy themselves 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 for the year ended 30 September 2020. These conditions indicated 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 for the year ended 30 September 2020 had been prepared on a going concern basis, the validity of which mainly depended upon the continuous support of the Group's bankers and the timing of completion

of the Disposal. The consolidated financial statements for the year ended 30 September 2020 did not include any adjustments that would result from the failure to obtain the bankers' continuous support and unsuccessful Disposal. The Predecessor Auditor considered that the material uncertainty had been adequately disclosed in the consolidated financial statements for the year ended 30 September 2020. However, in view of the extent of the uncertainty, the Predecessor Auditor disclaimed their opinion in respect of the material uncertainty relating to the going concern basis.”

## **SCOPE OF WORK OF MOORE STEPHENS 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 financial period ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the period from 1 October 2020 to 31 March 2022. The work performed by Moore Stephens 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 Moore Stephens 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](http://www.hkexnews.hk) and the website of the Company at [www.bgmc.asia](http://www.bgmc.asia). The annual report of the Company for FPE2022 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.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 4 January 2021 and will remain suspended until further notice.

As disclosed in the announcement of the Company dated 29 January 2021, under Rule 6.01A(1), the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. Under Rule 13.50B, as a transitional arrangement for issuers whose securities have been suspended from trading under Rule 13.50A, the 18-month period referred to in Rule 6.01A(1) is extended to 24 months if the suspension during the 18-month period is only due to a disclaimer or adverse opinion on the issuer's financial statements for the financial years commencing between 1 September 2019 and 31 August 2021, both dates inclusive.

The Company will make application to the Stock Exchange for the 18-month period referred to in Rule 6.01A(1) be extended to 24 months on the ground that the Company's suspension of trading during the 18-month period is only due to a disclaimer opinion on the Company's financial statements for the year ended 30 September 2020 ("FY2020"), while FY2020 commenced from 1 October 2019 which is between 1 September 2019 and 31 August 2021. Such application is subject to the Stock Exchange's approval.

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

Malaysia, 30 June 2022

*As at the date of this announcement, the Board comprises Dato' Teh Kok Lee (Chief Executive Officer) as executive Director; and Kua Choh Leang, Datuk Kamalul Arifin Bin Othman and Datuk Kang Hua Keong as independent non-executive Directors.*