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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 YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

- Revenue of the Group from continuing operations decreased from RM285.8 million in FPE2022 to RM110.1 million in FY2023.
- The Group gross profit from continuing operations was RM4.3 million in FY2023 as compared with a loss of RM50.1 million in FPE2022.
- Profit attributable to the owners of the Company was RM11.9 million in FY2023 as compared with a loss of RM56.5 million in FPE2022.
- Basic earnings per share was RM0.66 sen in FY2023 and basic loss per share was RM3.14 sen in FPE2022.

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 year ended 31 March 2023 (“**FY2023**” or “**Year**”), together with the comparative figures for the period from 1 October 2020 to 31 March 2022 (“**FPE2022**”). The financial results have been reviewed by the Company’s audit committee (“**Audit Committee**”) and approved by the Board on 23 June 2023. All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2023

		Year ended 31 March 2023	Period from 1 October 2020 to 31 March 2022
	<i>Note</i>	RM'000	RM'000
Continuing operations			
Revenue	5	110,110	285,828
Cost of sales		(105,766)	(335,886)
		4,344	(50,058)
Gross profit/(loss)			
Other income		1,220	50,742
Impairment losses of financial assets and contract assets, net		(6,947)	(13,786)
Administrative and other expenses		(15,730)	(35,491)
Other gains, net		25,476	5,370
Finance costs		(1,077)	(3,887)
Profit/(Loss) before tax from continuing operations	6	7,286	(47,110)
Income tax (expense)/credit	7	(489)	2,421
Profit/(Loss) from continuing operations		6,797	(44,689)
Discontinued operations			
Profit/(Loss) for the Year/period from discontinued operations	8	4,462	(14,610)
Profit/(Loss) and total comprehensive income/(loss) for the Year/period		11,259	(59,299)

		Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Profit/(Loss) and total comprehensive income/(loss) for the Year/period attributable to:			
Owners of the Company			
Profit/(Loss) from continuing operations		7,560	(42,190)
Profit/(Loss) from discontinued operations		4,318	(14,352)
		<u>11,878</u>	<u>(56,542)</u>
Profit/(Loss) attributable to owners of the Company			
		11,878	(56,542)
Non-controlling interests			
Loss from continuing operations		(763)	(2,499)
Profit/(Loss) from discontinued operations		144	(258)
		<u>(619)</u>	<u>(2,757)</u>
Loss attributable to non-controlling interests			
		(619)	(2,757)
		<u>11,259</u>	<u>(59,299)</u>
Earnings/(Loss) per share			
From continuing and discontinued operations			
Basic and diluted (<i>RM sen</i>)	9	0.66	(3.14)
From continuing operations			
Basic and diluted (<i>RM sen</i>)	9	0.42	(2.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	<i>Note</i>	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
Non-current assets			
Property, plant and equipment		116	145
Right-of-use assets		192	279
Investment properties		48,159	25,188
Other investment		–	–
Intangible assets		964	1,242
		<hr/> 49,431	<hr/> 26,854
Current assets			
Investment in redeemable convertible preference shares		5,694	5,694
Trade and other receivables, deposits and prepaid expenses	<i>10</i>	50,865	71,600
Income tax recoverable		1,710	3,902
Contract assets		51,274	115,519
Fixed deposits		28,358	35,236
Cash and bank balances		1,547	2,118
		<hr/> 139,448	<hr/> 234,069
Assets classified as held for sale	<i>8</i>	213,932	212,396
		<hr/> 353,380	<hr/> 446,465

		As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
Current liabilities			
Contract liabilities		4,504	7,425
Trade and other payables	12	132,380	192,291
Borrowings – secured		2,889	2,794
Lease liabilities		213	264
Income tax liabilities		738	–
		140,724	202,774
Liabilities directly associated with assets classified as held for sale	8	104,839	124,803
		245,563	327,577
Net current assets		107,817	118,888
Total assets less current liabilities		157,248	145,742
Non-current liabilities			
Trade payables	12	–	47,897
Redeemable secured loan stocks		48,272	–
Lease liabilities		33	161
		48,305	48,058
NET ASSETS		108,943	97,684
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	9,862	9,862
Reserves		107,716	95,838
		117,578	105,700
Non-controlling interests		(8,635)	(8,016)
TOTAL EQUITY		108,943	97,684

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 Act, 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 which is also the functional currency of the Company.

Since Prosper International Business Limited and Seeva International Limited are parties acting in concert with each other with respect to their interests in or the business of the relevant members of the Group, both of them are considered as the ultimate parent undertakings of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (together the “**Group**”) for FY2023 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

BGMC Bras Power Sdn Bhd (“BGMC Bras Power”)

On 24 March 2022, BGMC Corporation Sdn Bhd (“**BGMC Corporation**”), an indirect wholly-owned subsidiary of the Company, entered into a Deed of Arrangement (“**DOA**”) with reNIKOLA Sdn Bhd (“**reNIKOLA**”), an independent third party, to dispose of the interest in 95% ordinary shares in BGMC Bras Power. BGMC Bras Power is engaged in concession and maintenance, which undertakes Private Partnership Contracts related to solar plant of duration of 21 years. 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”. Subsequent to the end of the reporting period, on 26 April 2023, the disposal was completed. Details of the disposal are set out in the Company’s announcements dated 27 June 2022 and 26 April 2023 and the Company’s circular dated 21 September 2022.

As at 31 March 2022 and 31 March 2023, the Directors believed the disposal was highly probable and the net carrying value of the relevant assets and liabilities of BGMC Bras Power will be recovered principally through sale rather than through continuing use. Accordingly, as at 31 March 2022 and 31 March 2023, the assets and liabilities attributable to BGMC Bras Power have been reclassified as held for sale as at 31 March 2022 and 31 March 2023 and the result of BGMC Bras Power for the period from 1 October 2020 to 31 March 2022 and for the Year has been presented as discontinued operations.

KAS Engineering Sdn Bhd (“KAS Engineering”)

On 16 November 2020, the Group announced to dispose of the entire issued share capital of KAS Engineering at the consideration of RM93,787,000. The disposal was completed on 11 June 2021. Details of the disposal are set out in the Company’s announcements dated 16 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”. Accordingly, the result of KAS Engineering for the period from 1 October 2020 to 11 June 2021 (date of disposal) was presented as discontinued operation.

Going concern assumption

During the Year, the Group incurred net cash used in operating activities of approximately RM14,200,000; and excluding assets classified as held for sale and liabilities directly associated with assets classified as held for sale, its total current liabilities exceeded its total current assets of RM1,276,000 and its total liabilities exceeded its total assets of RM150,000 as at 31 March 2023. 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) the completion of the disposal of interest in 95% ordinary shares in BGMC Bras Power and an option price of RM10,450,000 will be received by the Group on 30 June 2023. Subsequent to the end of the reporting period, on 26 April 2023, the disposal has been completed;
- (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 has been authorised for issue; and
- (iii) repayment from customers amounting RM14,945,000 which were under dispute but settlement is expected to be received in the next twelve months. Subsequent to the end of the reporting period, in April 2023, the amounts have been repaid by these customers.

Based on the Group’s cash flow projections, taking account of effectiveness and feasibility of the above measures covering a period of twelve months from the end of the reporting period prepared by the management, the Directors of the Company consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group’s assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

3. CHANGE OF FINANCIAL YEAR END DATE

The consolidated financial statements now presented cover a period of twelve months from 1 April 2022 to 31 March 2023. Accordingly, the comparative figures (which cover a period of eighteen months from 1 October 2020 to 31 March 2022) for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes are not comparable with those of the Year.

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Adoption of Amendments to IFRSs

During the Year, the Group has applied the following amendments to 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 April 2022:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the Year has had no material impact on the Group’s financial positions and performance for the Year and prior periods 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 (including Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or 1 January 2024.

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

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Building construction revenue	107,451	355,611
Building maintenance service income	–	8,232
Supply and installation of elevators	37	903
Management fee income	2,622	–
	110,110	364,746
Representing:		
Continuing operations	110,110	285,828
Discontinued operations	–	78,918
	110,110	364,746
Timing of revenue recognition:		
Over time	110,110	364,746

(b) Income from concession agreements

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Income from concession agreements: –		
Imputed interest income:		
(i) Universiti Teknologi Mara	–	27,262
(ii) REPPA	10,292	4,962
Total imputed interest income	10,292	32,224
Supply of electricity	5,078	–
	15,370	32,224
Representing		
Discontinued operations	15,370	32,224

(c) **Segment Information**

Information reported to the Executive Director of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. This is the basis which the Group is organised.

Specifically, 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 infrastructure – provision of construction services in energy transmission and distribution works;
- (iii) Mechanical and electrical – provision of construction services in mechanical and electrical installation works; and
- (iv) Earthworks and infrastructure – provision of construction services in earthworks and infrastructure 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 following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment from continuing operations:

Segment revenue

Year ended 31 March 2023

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
SEGMENT REVENUE								
External revenue	94,318	9,214	3,919	-	2,659	110,110	-	110,110
Inter-segment revenue	-	-	661	-	-	661	(661)	-
Total	94,318	9,214	4,580	-	2,659	110,771	(661)	110,110
RESULT								
Segment results	1,763	148	(2,090)	-	(1,324)	(1,503)	-	(1,503)
Unallocated corporate expenses								(16,687)
Other gains, net								25,476
Profit before tax from continuing operations								7,286

Other entity-wide segment information

Year ended 31 March 2023

Continuing operations	Building and structures RM'000	Energy infrastructure 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	26	2	18	-	3	49	5	54
Depreciation of right-of-use-assets	262	22	2	-	3	289	-	289
Amortisation of intangible assets	252	21	2	-	3	278	-	278
Impairment/(Reversal of impairment) of:								
Property, plant and equipment	(3,752)	(314)	(35)	2	(41)	(4,140)	-	(4,140)
Trade and retention receivables	(1,529)	(128)	(552)	1	(17)	(2,225)	-	(2,225)
Other receivables	(409)	(34)	(4)	-	(4)	(451)	4,933	4,482
Contract assets	4,278	359	(221)	(2)	47	4,461	-	4,461
Loss on disposal of property, plant and equipment	2,712	227	25	(2)	30	2,992	-	2,992

Segment revenue

Period from 1 October 2020 to 31 March 2022

Continuing operations	Building and structures RM'000	Energy infrastructure 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
SEGMENT REVENUE								
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)	-
Total	247,937	12,737	30,986	(9,546)	24,252	306,366	(20,538)	285,828
RESULT								
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 and retention 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/(gain) on disposal of property, plant and equipment	8,079	10	233	(357)	208	8,173	-	8,173

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

Profit/(loss) before tax from continuing operations has been arrived after charging/(crediting):

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Amortisation of intangible assets	278	2,314
Auditor's remuneration		
Audit services	561	799
Non-audit services	11	-
Cost of sales and services	105,766	335,886
Depreciation charge of:		
Property, plant and equipment	54	87
Right-of-use assets	289	658
Reversal of impairment loss of property, plant and equipment	(4,140)	(6,916)
Reversal of impairment loss of right-of-use assets	-	(6,950)
Legal and professional fees	1,056	6,507
Loss on disposal of a subsidiary	-	25,684
Loss on disposal of property, plant and equipment	2,992	8,173
Reversal of provision of performance bond	(25,797)	-
Fair value loss on investment properties	1,442	-
Staff costs including directors' emoluments		
- Wages and salaries	9,496	16,156
- Employees Provident Fund	1,081	2,270

7. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Malaysia Corporate Income Tax:		
Current Year/period	570	3,569
Over-provision in prior years	(127)	(1,971)
	443	1,598
Deferred tax under discontinued operations:		
Current Year/period	987	1,280
	1,430	2,878
Representing:		
Continuing operations	489	(2,421)
Discontinued operations	941	5,299
	1,430	2,878

8. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

KAS Engineering

The Group completed the disposal of the entire issued share capital of KAS Engineering during the period from 1 October 2020 to 31 March 2022. 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 represented a reportable and operating segment, namely the “concession and maintenance” prior to the disposal.

BGMC Bras Power

On 24 March 2022, BGMC Corporation entered into a DOA 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 Note 2.

All the operations disclosed above are classified as discontinued operations for the Year and the period from 1 October 2020 to 31 March 2022 and their results are as follows:

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Profit of KAS Engineering	–	16,242
Loss on disposal of KAS Engineering	–	(25,684)
Profit/(loss) of BGMC Bras Power	<u>4,462</u>	<u>(5,168)</u>
Profit/(loss) for the Year/period from discontinued operations	<u>4,462</u>	<u>(14,610)</u>
Profit/(loss) for the Year/period from discontinued operations attributable to:		
Owners of the Company	4,318	(14,352)
Non-controlling interests	<u>144</u>	<u>(258)</u>
	<u>4,462</u>	<u>(14,610)</u>

The assets and liabilities directly associated with the assets classified as held for sale as at 31 March 2022 and 31 March 2023 are as follows:

	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
Assets classified as held for sale		
BGMC Bras Power	<u>213,932</u>	<u>212,396</u>
Liabilities directly associated with non-current assets held for sale		
BGMC Bras Power	<u>104,839</u>	<u>124,803</u>

9. EARNINGS/(LOSS) PER SHARE

	Year ended 31 March 2023	Period from 1 October 2020 to 31 March 2022
From continuing and discontinued operations		
Basic and diluted (<i>RM sen</i>)	<u>0.66</u>	<u>(3.14)</u>
From continuing operations		
Basic and diluted (<i>RM sen</i>)	<u>0.42</u>	<u>(2.34)</u>

Basic

The calculation of the basic earnings/(loss) per share is based on the following data:

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Profit/(loss) and total comprehensive income/(loss) for the Year/period attributable to the owners of the Company for the purpose of basic earnings/(loss) per share:		
Profit/(loss) from continuing operations	7,560	(42,190)
Profit/(loss) from discontinued operations	4,318	(14,352)
	<hr/> 11,878	<hr/> (56,542)
Profit/(loss) attributable to owners of the Company	<hr/> 11,878	<hr/> (56,542)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share:		
At beginning and end of the Year/period	1,800,000,000	1,800,000,000

There is no diluted loss per share in FY2023 and FPE 2022 as there is no potential dilutive shares during the respective reporting period.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
Trade receivables:		
Third parties	47,168	48,771
Related parties	1	24,413
Less: Provision for expected credit loss	(19,627)	(21,856)
	27,542	51,328
Retention receivables:		
Third parties	3,461	3,875
Less: Provision for expected credit loss	(4)	–
	3,457	3,875
Other receivables:		
Third parties	14,535	8,882
Related parties	4,969	2,540
Less: Provision for expected credit loss	(6,824)	(2,342)
	12,680	9,080
Refundable deposits	278	1,046
Building construction related deposits	2,991	2,478
Prepaid expenses	204	194
Prepaid expenses to suppliers and sub-contractor	3,713	3,599
	50,865	71,600

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

	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
0 to 30 days	12,879	18,813
31 to 90 days	2,261	894
Over 90 days	15,859	35,496
	30,999	55,203

Reconciliation of loss allowance for trade and retention receivables:

	<i>RM'000</i>
At 1 October 2020	15,272
Increase in loss allowance for the period	<u>6,584</u>
At 31 March 2022	21,856
Reversal of impairment loss for the Year	(6,550)
Increase in loss allowance for the Year	<u>4,325</u>
At 31 March 2023	<u>19,631</u>

Reconciliation of loss allowance for other receivables:

	<i>RM'000</i>
At 1 October 2020	1,500
Written off as uncollectible	(1,500)
Increase in loss allowance for the period	<u>2,342</u>
At 31 March 2022	2,342
Reversal of impairment loss for the Year	(451)
Increase in loss allowance for the Year	<u>4,933</u>
At 31 March 2023	<u>6,824</u>

11. SHARE CAPITAL

The share capital as at 31 March 2022 and 31 March 2023 represents the share capital of the Company with details as follows:

	Number of shares	Amounts Hong Kong Dollar HK\$'000	Amounts RM'000
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 October 2020,			
31 March 2022 and 31 March 2023	<u>5,000,000,000</u>	<u>50,000</u>	
Issued and fully paid:			
As at 1 October 2020,			
31 March 2022 and 31 March 2023	<u>1,800,000,000</u>	<u>18,000</u>	<u>9,862</u>

12. TRADE AND OTHER PAYABLES

	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
Trade payables:		
Third parties	40,595	97,895
Related parties	–	57
	40,595	97,952
Retention sum payables:		
Third parties	14,496	16,043
Other payables:		
Third parties	44,144	18,137
Amount owing to related parties	3,175	348
Accrued staff costs	586	431
Accrued building construction related expenses	25,947	77,414
Other accrued expenses	748	1,318
Provision for performance bonds	–	25,797
Goods and services tax payable	2,689	2,748
	132,380	240,188
Analysed for reporting purposes as:		
Current liabilities	132,380	192,291
Non-current liabilities	–	47,897
	132,380	240,188

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

	As at 31 March 2023 RM'000	As at 31 March 2022 RM'000
0–30 days	14,841	16,422
31–90 days	4,378	52,065
Over 90 days	21,376	29,465
	40,595	97,952

13. RELATED PARTY TRANSACTION

	Year ended 31 March 2023 RM'000	Period from 1 October 2020 to 31 March 2022 RM'000
Construction cost paid to a related party: Exa Power Sdn Bhd	–	2,048

14. DIVIDENDS

The Directors do not recommend any dividend payment in respect of the current reporting period (FPE2022: Nil).

15. CONTINGENT LIABILITIES

- (a) 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 High Court against Customer A's proposed forfeiture of performance bonds 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. Customer A filed an appeal at the Court of Appeal against the High Court order. The Court of Appeal on 13 January 2023 dismissed Customer A's appeal and upheld the High Court's decision. Customer A did not further appeal to Federal Court within the deadline 12 February 2023.

The Group has also initiated arbitrations on 30 June 2020 (which was withdrawn and retained as two arbitrations on 26 October 2020, which was eventually consolidated) 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 RM126.4 million (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 10 February 2023 and subsequently adjourned to 3 July 2023.

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.

- (b) 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 the Beneficiary 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 a permanent injunction against the Beneficiary in favour of BGMC Corporation.

The Beneficiary has applied for an appeal against the decision of the High Court. The estimated payout for the bank guarantee is in the sum of approximately RM5,500,000 should the Beneficiary’s action be successful in the appeal. The matter was fixed for hearing on 11 October 2023.

Based on the advice from the Group’s legal counsel, 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.

- (c) Pursuant to a call and put option agreement entered into between the Company, BGMC Energy Sdn Bhd (“**BGMC Energy**”), 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 stated therein, DPI Solar 1 was supposed to be granted 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 alleged 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. As the mutual covenants and undertakings stated therein have not been fulfilled, the Company did not purchase the said preference shares. As a result, DPI Solar 1 commenced arbitration proceedings against the Company.

As disclosed in the announcements of the Company dated 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of the Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. On 12 May 2023, the Company announced that, in view of the implementation and completion of the settlement agreement in accordance to the terms therein, all the parties to the aforesaid legal proceedings have filed notice of discontinuance. The notice of discontinuance for this matter was filed on 26 April 2023.

- (d) 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. On 26 April 2022, Sparks Energy Sdn Bhd has filed an injunction application in aid of arbitration for the termination of OMMA. Ad-interim injunction was granted since 29 April 2022 but the application was subsequently dismissed by the High Court on 7 July 2022. Sparks Energy Sdn Bhd appealed to the Court of Appeal. On 27 June 2022, Sparks Energy Sdn Bhd has also commenced arbitration proceedings against BGMC Bras Power for the termination of OMMA.

Meanwhile, Sparks Energy Sdn Bhd filed for an Erinford injunction where the High Court granted an ad-interim Erinford injunction which expired on 12 August 2022. As disclosed in the announcements of the Company dated 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of the Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. On 12 May 2023, the Company announced that, in view of the implementation and completion of the settlement agreement in accordance to the terms therein, all the parties to the aforesaid legal proceedings have filed notice of discontinuance. The notice of discontinuance for this matter was filed on 28 April 2023.

- (e) On 29 June 2022, Kazuomi Kaneto (the director of DPI Solar 1) and DPI Solar 1 (which indirectly holds shares in Sparks Energy Sdn Bhd) (“**Plaintiffs**”) have commenced a lawsuit at the High Court of Malaya at Kuala Lumpur (Commercial Division) against 25 defendants, among others, an executive director of the Group, subsidiaries of the Group namely BGMC Corporation, BGMC Holdings Berhad, BGMC Energy, BGMC Bras Power, and a director of certain subsidiaries of the Company, Kuala Muda Estate Sdn Bhd, Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd (collectively refers to “**Land Companies**”) and others (in total 9 individuals and 16 companies as defendants). The Plaintiffs’ allegations are, among others, regarding the legality of (i) the disposal of interest in 95% of ordinary shares of BGMC Bras Power; (ii) BGMC Bras Power’s termination of OMMA between BGMC Bras Power and Sparks Energy Sdn Bhd; and (iii) the Land Companies’ redemption of preference shares held by DPI Solar 1.

As disclosed in the announcements of the Company dated 27 June 2022, 5 July 2022, 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of the Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. On 12 May 2023, the Company announced that, in view of the implementation and completion of the settlement agreement in accordance to the terms therein, all the parties to the aforesaid legal proceedings have filed notice of discontinuance. The notice of discontinuance for this matter was filed on 28 April 2023.

- (f) Maha Alusteel Sdn Bhd (“**Maha**”) served a notice of demand dated 13 July 2022 (“**Notice dated 13 July 2022**”) on BGMC Corporation pursuant to Section 465(1)(e) of the Companies Act 2016, demanding payment of approximately RM285,000 to be made, failing which, Maha would proceed winding up proceedings against BGMC Corporation.

In response, BGMC Corporation filed an originating summon (“**Encl. 1**”), inter alia, to seek for an injunction to restrain Maha from filing a winding up petition against BGMC Corporation pursuant to the Notice dated 13 July 2022. On 19 December 2022, the High Court dismissed Encl. 1 with costs of RM5,000 to Maha (“**Decision**”).

Dissatisfied with the Decision, BGMC Corporation filed an appeal against the Decision to Court of Appeal on 4 January 2023 (“**Appeal**”). BGMC Corporation also sought for an injunction to prevent Maha from presenting a winding up petition against BGMC Corporation pending the conclusion of the Appeal (“**Encl. 31**”). The High Court had on 27 January 2023, allowed Encl. 31 on the condition that BGMC Corporation shall deposit a sum of approximately RM290,000 (inclusive of costs RM5,000 awarded by the High Court) (“**Deposited Sum**”) with its solicitor, pending disposal of the Appeal. The Deposited Sum will be released to Maha in the event if the Appeal is dismissed, and will be refunded to BGMC Corporation if the Appeal is allowed.

The Court of Appeal has fixed the next case management of the Appeal on 16 January 2024 and the hearing of the Appeal on 31 January 2024.

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.

- (g) Techtrics Solutions Sdn Bhd (“**Techtrics**”) had served two notices of adjudication to Built-Master Engineering Sdn Bhd (“**BME**”) on 6 January 2023, alleging non-payment of approximately RM310,000 and RM1,674,000 by BME to Techtrics, in relation to the subcontract works for the ICT system and ELV system.

As at the date the consolidated financial statements have been authorised for issue, the adjudication proceedings are still at preliminary stage. The Directors consider the ultimate outflow, if any, to settle this possible obligation is subject to the final outcome of the legal proceeding and is uncertain.

16. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (i) In April 2023, BGMC Corporation has entered into agreement with reNIKOLA (Kuala Muda) Sdn Bhd, whereby BGMC Corporation shall receive an option price of RM10,450,000 by 30 June 2023, in exchange for the execution and delivery of an irrevocable power of attorney in favour of reNIKOLA (Kuala Muda) Sdn Bhd.
- (ii) Subsequent to the announcement of the completion of the DOA, on 26 April 2023, BGMC Bras Power has redeemed the redeemable preference shares of RM89,300,000 held by BGMC Corporation and on the same date, BGMC Corporation has redeemed the redeemable preference shares of RM89,300,000 held by Sparks Energy 1 Sdn Bhd.

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 Infrastructure segment, Mechanical and Electrical segment, and Earthworks and Infrastructure 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 infrastructure and facility projects.
	Energy Infrastructure segment	Has two previously independent businesses: <ul style="list-style-type: none"> (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 infrastructure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
Concession and Maintenance	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. The Group had entered into agreements to dispose of interest in 95% ordinary shares in the subsidiary which holds the solar power plant on 24 March 2022, the details of which are set out in the circular of the Company dated 21 September 2022.

CONSTRUCTION SERVICES SECTOR

The Construction Services sector contributed RM107.5 million, or 97.6%, to the consolidated revenue of the Group in FY2023, against RM275.9 million, or 96.5%, recorded in FPE2022. The significant difference is mainly due to the 18 months recorded for FPE2022 as compared to the 12 months period recorded in FY2023. In addition to this, a small remaining order book has also resulted in much lesser revenue recognition in FY2023 whilst the impact of estimated liquidated ascertained damages (“LAD”) on revenue as the Group has also played a role in reducing the Group’s recognizable revenue.

Notwithstanding the above, the Group has achieved certain milestone in this sector with the successful completion and handed over of the Setia SPICE hotel project to the client in December 2022. With this completion, the consultants of the project have procured the Group to participate in the tender process of 2 other similar projects. This has not only given the Group the new opportunities, it has also shown that the Group still possess the capability and track record to further work on other new projects even after all the difficulties the Group was facing since 2020.

During FY2023, the Construction Services sector has not secured any new contract. As at 31 March 2023, we have an outstanding order book of RM158.6 million which will keep the Group busy for another 18 months. 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.

Building and Structures Segment

As the leading segment of the Construction Services sector and the Group as a whole with sizeable contracts on hand, Building and Structures contributed RM94.3 million, or 85.7%, to the Group’s consolidated revenue in FY2023, compared to RM247.9 million, or 86.7% in FPE2022.

During FY2023, this segment has not secured any new project as the Group switches its focus to (i) increase the productivity and work done for the existing ongoing projects to complete the ongoing projects soonest possible; (ii) preserving the Group’s resources in procuring the suitable projects; and (iii) the slower than expected rolling out of new projects by the property industry due to headwinds faced by our clients. Meanwhile, the Group’s operation level and construction activities have further improved as a result of the implementation of National Recovery Plan by the Government of Malaysia. Coupled with the Group’s effort in refocusing on our job, the result is the successful completion and handing over of the Setia SPICE hotel project to the client in December 2022.

As at 31 March 2023, the Building and Structures segment had an outstanding order book of RM157.2 million as compared to RM301.3 million as at 31 March 2022.

Other Segments

During FY2023, the Energy Infrastructure segment has contributed a revenue of RM9.2 million or equivalent to 8.4% of the Group's consolidated revenue, as compared with RM12.7 million or 4.4% of the consolidated revenue in FPE2022. The completion of cables laying project for PMU Shah Alam 18 to PMU Sirim underground cabling work is the milestone achieved by the segment in FY2023.

On the other hand, the Mechanical and Electrical segment has recorded a revenue of RM3.9 million or 3.5% contribution to the consolidated revenue in FY2023, as compared with RM24.7 million or 8.6% contribution to consolidated revenue in FPE2022.

Both the segments are running low remaining order book due to non-procurement of new project during FY2023. Though the Group possesses the track record of securing and completing these projects, the procurement activities are nevertheless kept to minimum due to the challenging market conditions. The Group foresees the revenue contribution to be insignificant going forward and has therefore re-allocated the resources to the Building and Structures segment and the Concession and Maintenance sector.

CONCESSION AND MAINTENANCE SECTOR

BGMC had one PPP contract, the Solar Power Purchase Agreement signed with Tenaga Nasional Berhad (“TNB”), a sole power distributor for Peninsular Malaysia, which is operated under BOO model.

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

This concession contract that the Group has entered into is a contract to build a LSSPV power 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 and is located at Kuala Muda, Kedah, Malaysia. 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 FY2023, the BOO business has a revenue of RM5.1 million as compared to RM71.1 million in FPE2022. The much reduction is a result of low recognizable outstanding construction revenue.

The Group has however entered into agreements on 24 March 2022 for the proposed disposal of interest in 95% ordinary shares of BGMC Bras Power, which the proposal was approved in the extraordinary general meeting (“EGM”) of the Company held on 7 October 2022. The completion of the disposal was subsequently achieved on 26 April 2023. For details, please refer to the circular of the Company dated 21 September 2022 and the announcements of the Company dated 27 June 2022 and 26 April 2023.

As disclosed in the circular of the Company dated 21 September 2022, the main reasons for the Group to dispose the interest in 95% ordinary shares of BGMC Bras Power is to allow the Group (i) to settle the disputes existed with the previous financing partners; (ii) to avoid investing additional funds required for the completion of the project; (iii) to recoup the investments made and to re-use it for other purpose.

Notwithstanding the disposal of this LSSPV power plant project, the Group will nevertheless, invest more resources to procure a new project that resembles the features of this sector. As the main reason for the disposal of BGMC Bras Power is not to quit the business but for those reasons listed above, the Group believed that we will have more experiences and knowledges to build a model that suit the Group better going forward.

FINANCIAL REVIEW

Revenue

The Group's total revenue recorded RM110.1 million in FY2023 as compared to RM285.8 million in FPE2022. The significant difference is mainly due to the 18 months recorded for FPE2022 as compared to the 12 months period recorded in FY2023. In addition to this, a small remaining order book has also resulted in much lesser revenue recognition in FY2023 whilst the impact of estimated LAD on the transaction price of the construction contracts as the LAD has also played a role in reducing the Group's recognizable revenue.

Notwithstanding the above, the Group has achieved certain milestone in completing and handing over projects to the clients. Notable completed project are the Setia SPICE hotel project and also the PMU Shah Alam 18 to PMU Sirim underground cabling work.

Gross Profit

The Group recorded total gross profit of RM4.3 million in FY2023 as compared to a gross loss of RM50.1 million in FPE2022. The gross profit margin is 3.9% in FY2023 whilst -17.5% in FPE2022. The improvement of gross profit and gross profit margin was due to the Group procuring extension of time ("EOT") for 2 of the Group's major projects.

Profit attributable to owners of the Company

The Group recorded net profit attributable to owners of the Company of approximately RM11.9 million in FY2023, as compared with the net loss of approximately RM56.5 million attributable to the owners of the Company in FPE2022. The improvement in net profit for FY2023 was mainly attributable to, among others, (i) the Group has managed to secure EOT for two major projects which led to decrease of anticipated LAD payable to customer; (ii) lower impairment losses of financial assets and contract assets; (iii) reversal of a provision of bank performance bonds, subsequent to dismissal by the Malaysian Court of Appeal on Customer A's appeal against the injunction granted in favour of the Group; and (iv) there was a loss on disposal of a subsidiary of approximately RM25.7 million in FPE2022 but no such loss in FY2023.

Other Income

Other income decreased from RM50.7 million recorded in FPE2022 to RM1.2 million in FY2023 due to the gains on one-off extinguishment of debts of RM46.1 million arisen from the debts restructuring exercise in FPE2022.

Administrative and Other Expenses

Administrative and other expenses decreased from RM35.5 million in FPE2022 to RM15.7 million in FY2023. The reduction in administrative and other expenses is contributed by reduction of staff cost, lower of professional legal fees and reduction of amortisation of intangible assets in FY2023.

Finance Cost

Finance costs for FY2023 were RM1.1 million as compared to RM3.9 million in the FPE2022. The repayments of bank borrowings in FPE2022 have resulted a lower finance cost incurred in FY2023.

Income Tax Expenses

The income tax expenses increased from a tax credit of RM2.4 million in FPE2022 to a tax expense of RM0.5 million in FY2023, mainly due to over provision of income tax expenses amounting to RM2.0 million recognised in FPE2022.

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 0.28 times as at 31 March 2023 as compared to 0.01 times as at 31 March 2022. The increase in net gearing ratio is due to the advances received from reNIKOLA to fund the repayment and also the project development cost for the LSSPV power plant project.

Cash and bank balances (including fixed deposits) stood at RM29.9 million as at 31 March 2023 as compared with RM37.3 million as at 31 March 2022, representing a reduction of RM7.4 million.

Net Current Assets

Net current assets of the Group stood at RM107.8 million as at 31 March 2023, as compared with RM118.9 million as at 31 March 2022.

For the going concern analysis, please refer to note 2 to the announcement, “Basis of Preparation”.

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 computer equipment, which was funded by hire purchase and internally generated funds. The Group has not acquired any construction machinery or equipment in FY2023.

Foreign Exchange Exposure

The functional currency of BGMC's operation, assets and liabilities is denominated in RM. Therefore, the Company is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging, except for Hong Kong Dollar denominated bank balances which is not material to the Group as a whole.

Significant Investment Hold

The Group did not hold any other significant investment during FY2023.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save for the disposal of the interest in 95% ordinary shares of BGMC Bras Power as set out in the announcement of the Company dated 27 June 2022 and the circular of the Company dated 21 September 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2023.

Employees and Remuneration Policies

As at 31 March 2023, the Group has 107 employees as compared to 130 as at 31 March 2022. Total staff costs incurred in FY2023 were RM10.6 million as compared to RM18.4 million recorded in FPE2022. The Group has taken immediate actions to review and reorganize the workforce required to run the operation and projects more efficiently, which lead to reduction of administrative expenses in FY2023.

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 (“**Share Option Scheme**”) which became effective on 9 August 2017 (“**Listing Date**”), being the date of listing of the shares of the Company (“**Shares**”) 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 annual results announcement, there was no outstanding share option granted under the Share Option Scheme.

Contingent Liabilities

Details of the Group’s contingent liabilities up to the date of this annual results announcement are set out in note 15 to the announcement.

FUTURE PROSPECT

As shared in the previous financial years, the Group had gained a much firmer and stronger foothold after successfully implemented the strategies devised to overcome the difficulties plaguing the Group since 2020. The previous milestones and accomplishments are further boosted by the completion and handing over of our notable projects of the Setia SPICE hotel in Penang after numerous disruptions caused by the COVID-19 pandemic. Since then, the professional consultant team enrolled the Group into tendering 2 other similar hotel projects having known the Group’s capability in delivering the project during challenging time. As the Group continues to engage in the tender process, we shall publish further encouraging news if and when any project is secured.

While we refocus in procuring the projects that we did best in the past, we have always reminded ourselves of not getting into those projects that have troubled us dearly in the past. In addition, we are trying to be innovative with our current business model and work with the property or land owners to establish development projects that will provide more leeway to our business. The concept of design and build for the land owners or getting involve in the development business could also be in our consideration as we need to revolutionise our business to return the Group into a profitable and prospective organisation.

In addition to procuring new projects, the process of digitising our delivery processes continues as part of our strategies to improve communication, coordination, efficiency and productivity of our business. We continue to explore new construction technology, method or system and new building materials. The Group believes that with technologies, we are able to enhance our competitiveness, our capability to build better and more efficiently especially during the challenging time. The decision to use the construction Software-as-a Service (“**SaaS**”) has continued to further increase our productivity and efficiency in delivering projects. Evaluation on the productivity and efficiency gain has so far been really promising. While the Group 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.

While the construction activities crank up another gear to pare back the lost time and productivity, our competitiveness are further lifted with the successful completion of the very substantial disposal of our large scale solar power plant project located at Kuala Muda, Kedah together with the settlement and discontinuance of all the groundless lawsuits that were brought against the Group. The Court of Appeal had also dismissed an appeal by our ex-client in an attempt to remove the injunction to encash our performance bond imposed by the High Court of Kuala Lumpur.

Aside from gaining more confidence, we have also gained loads of experience in the concession project development and construction. This is rightly the case after successfully completing the development of our large scale solar power plant. Leveraging these experiences, the Group is currently reviewing and devising the plan and business model to venture into other green and sustainable energy generation projects.

As it may sound, the prospect, of a business producing green and sustainable energy for the market, is enormous. As the world turn to these types of energies to fight the climate change, businesses like the energy sapping data centres are also racing towards securing these energies to enhance their own environmental, social and governance profile. Huge demands are therefore awaiting the green and sustainable energy supply not only in Malaysia but the entire world. The venture is made more attractive with the business model is itself sustainable, income recurrence and downturn-proof albeit it needs loads of planning, structuring, financing, coordination and management to have it realised. The Group, picking up the data and trend from the previous solar power plant business, has thus taken the initiative to start charting the future in this business.

We expect the Malaysian economy to gradually recover and stabilise in year 2023 as it emerges out from the doldrums of the COVID-19 pandemic. The advantage of having a stable Malaysian Government and clear policies will also enhance further the businesses in the construction and concession industry. The announcement of an impressive 5.6% economic growth recorded in the 1st quarter of 2023 has boosted the confidence of the public at large whilst enhancing the attractiveness to foreign direct investment. Investment from warehousing and logistics business, data centres and semi-conductor manufacturers are not only creating jobs for the construction industry but also the energy supply businesses.

Going forward, we will continue our endeavours in seeking opportunities in the construction and concession industry, develop projects that may help to generate businesses and recurring income, while exploring new businesses or new business model to ensure the sustainability of the Group. The Group also aims to complete the project soonest possible so as to fulfil our contractual obligations to our valued clients. All these new objectives and focuses 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.

DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for FY2023 (FPE2022: 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 2023, 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 2023, 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 2023.

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 2023, 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 FY2023 and as at the date of this annual results announcement:

- (a) with effect from 24 June 2022, Datuk Kang Hua Keong 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 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, an INED, has been appointed as the chairperson of the NC.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During FY2023 and thereafter up to the date of this annual results 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 of the Company.

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 FY2023, the Company has complied with the applicable code provisions of the CG Code.

EVENTS AFTER FY2023

Save as disclosed in note 16 to the announcement, there are no material events subsequent to the end of the period under review in this annual results 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 FY2023.

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 FY2023 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:

“Qualified Opinion

We have audited the consolidated financial statements of BGMC International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 March 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Scope limitation in respect of corresponding figures of financial performance, cash flows and relevant disclosures

As detailed in our auditor's report dated 30 June 2022 on the consolidated financial statements of the Group for the financial period from 1 October 2020 to 31 March 2022, the predecessor auditor who was engaged to perform the audit of the consolidated financial statements of the Group for the year ended 30 September 2020 had expressed a disclaimer of opinion as a result of limitation of scope in respect of their audit of certain account balances in the consolidated statement of financial position as at 30 September 2020. Since opening balances in consolidated statement of financial position affect the determination of the results of operations and hence cash flows, we were unable to determine whether adjustments to the results of operations and cash flows might be necessary for the financial period from 1 October 2020 to 31 March 2022. Our opinion on the consolidated financial statements of the Group for the financial period from 1 October 2020 to 31 March 2022 was disclaimed because of the possible effects of these matters.

In respect of the consolidated financial statements of the Group for the financial year ended 31 March 2023, the matters which were the subject matters of the scope limitations referred to above do not have effects on the account balances presented in the consolidated statement of financial position of the Group as at 31 March 2022 and 31 March 2023 or the results and cash flows of the Group for the current year ended 31 March 2023, and the related disclosures in the consolidated financial statements. However, any adjustments found to be necessary in respect of these matters may have significant effects on the financial performance and cash flows of the Group for the period ended 31 March 2022, and the related disclosures in the consolidated financial statements, presented as corresponding figures in the consolidated financial statements. Hence our opinion on the current year's consolidated financial statements is qualified because of the possible effects of the matters on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “**Code**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4(b) to the consolidated financial statements, which describes that the Group incurred net cash used in operating activities of approximately RM14,200,000 during the year ended 31 March 2023; and excluding assets classified as held for sale and liabilities directly associated with assets classified as held for sale, its total current liabilities exceeded its total current assets of RM1,276,000 and its total liabilities exceeded its total assets of RM150,000 as at 31 March 2023. 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 a twelve-month period from 1 April 2022 to 31 March 2023. The corresponding figures presented 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 an eighteen-month period from 1 October 2020 to 31 March 2022 and therefore may not be comparable with current period figures. Our opinion is not modified in respect of this matter.”

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 year ended 31 March 2023 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 year ended 31 March 2023. 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 and the website of the Company at www.bgmc.asia. The annual report of the Company for FY2023 containing all the information required by the Listing Rules will be published on the aforesaid websites and will be despatched to the shareholders of the Company 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, 23 June 2023

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