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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)

VERY SUBSTANTIAL DISPOSAL:

DISPOSAL OF INTEREST IN 95% ORDINARY SHARES OF BGMC BRAS POWER

References are made to (1) the announcement of BGMC dated 25 July 2019 which is supplemented by the announcement dated 14 August 2019 with respect to the BGMC Group's subscription for RCPS in Land Companies of Kuala Muda Project and Machang Project, and (2) the announcement of BGMC dated 29 August 2019 and the 2020 Circular with respect to BGMC Group and other JV Partners' cooperation through setting up JV Company and engagement of JV Company's indirect wholly-owned subsidiary as management services company for the Kuala Muda Project and the Machang Project. The Board hereby announces the BGMC Group and reNIKOLA entered into the Agreements and/or agreed to enter into such Agreements in agreed form upon Completion for BGMC Group's disposal of interest in 95% ordinary shares in BGMC Bras Power to reNIKOLA.

DEED OF ARRANGEMENT

According to the Deed of Arrangement dated 24 March 2022 between BGMC Corporation and reNIKOLA, among others:

- (a) reNIKOLA will pay RM89,300,000 to BGMC Bras Power as Subscription Price for New RPS to be issued by BGMC Bras Power to reNIKOLA. In this regard, reNIKOLA and BGMC Bras Power will enter into the Subscription Agreement (in agreed form as schedule to the Deed of Arrangement) upon Completion to implement BGMC Bras Power's issue of New RPS to reNIKOLA. BGMC Bras Power will utilize the said amount to repay to BGMC Corporation by redemption of the Existing RCPS held by BGMC Corporation. BGMC Corporation intends to then repay such amount of RM89,300,000 to Sparks Energy 1 ("**BGMC Corporation's Repayment to Sparks Energy 1**").
- (b) reNIKOLA will procure repayment of Existing Payable (being RM176,555.49) owed by BGMC Bras Power to Sparks Energy 1.

- (c) reNIKOLA will procure progressive repayment or refinancing of Bras Power Sukuk Bond with outstanding amount being RM72.4 million which is repayable by BGMC Bras Power.

RENIKOLA ADVANCE AGREEMENT

According to the reNIKOLA Advance Agreement dated 24 March 2022 (supplemented by Supplemental reNIKOLA Advance Agreement) between BGMC Corporation and reNIKOLA, 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.

On 13 May 2022, BGMC Corporation and reNIKOLA entered into the Supplemental reNIKOLA Advance Agreement to (i) increase the advance amount from RM19.0 million to RM49.9 million, and (ii) allow the use of the advance amount by BGMC Bras Power to pay the sums due and payable under the Bras Power Sukuk Bond.

BGMC CORPORATION ADVANCE AGREEMENT

According to BGMC Corporation Advance Agreement dated 24 March 2022 (supplemented by Supplemental BGMC Corporation Advance Agreement) between BGMC Corporation and BGMC Bras Power, BGMC Corporation shall advance a loan of RM49.9 million to BGMC Bras Power for (i) fulfilling the terms and conditions under the Power Purchase Agreement; (ii) paying the contractors of BGMC Bras Power; and (iii) paying the sums due and payable by BGMC Bras Power under Bras Power Sukuk Bond.

On 13 May 2022, BGMC Corporation and BGMC Bras Power entered into the Supplemental BGMC Corporation Advance Agreement to (i) increase the advance amount from RM19.0 million to RM49.9 million, and (ii) allow the use of the advance amount by BGMC Bras Power to pay the sums due and payable under the Bras Power Sukuk Bond.

SUBSCRIPTION AGREEMENT

According to the Subscription Agreement (in agreed form as schedule to the Deed of Arrangement) to be entered upon Completion between BGMC Bras Power and reNIKOLA, BGMC Bras Power shall issue New RPS to reNIKOLA at a subscription price of RM89,300,000.

SHAREHOLDERS' AGREEMENT

According to the Shareholders' Agreement (in agreed form as schedule to the Deed of Arrangement) to be entered upon Completion among BGMC Corporation (as holder of 95% ordinary shares), Bras Ventures (as holder of 5% ordinary shares) and reNIKOLA (as holder of New RPS), reNIKOLA will acquire economic interest and participate in management of BGMC Bras Power upon Completion.

OPTIONS AGREEMENT

According to the Options Agreement (in agreed form as schedule to the Deed of Arrangement) to be entered upon Completion between BGMC Corporation and reNIKOLA, (a) reNIKOLA shall pay Option Premium of RM1.00 to BGMC Corporation which shall grant the Call Option to reNIKOLA, according to which reNIKOLA is entitled to exercise the Call Option to request BGMC Corporation to sell 95% ordinary shares in BGMC Bras Power to reNIKOLA at the Option Price of RM10.45 million during the Option Period (i.e. at any time prior to the expiry of the Power Purchase Agreement but not earlier than the 5th anniversary from the Commercial Operation Date on 22 March 2022); and (b) BGMC Corporation shall pay Option Premium of RM1.00 to reNIKOLA which shall grant the Put Option to BGMC Corporation, according to which BGMC Corporation is entitled to exercise the Put Option to request reNIKOLA to purchase 95% ordinary shares in BGMC Bras Power from BGMC Corporation at the Option Price of RM10.45 million during the Option Period (Put Option and Call Option are collectively referred to as “Options”).

Apart from above, reNIKOLA’s further fund injection would be required for implementation of the Kuala Muda Project. Upon signing Deed of Arrangement on 24 March 2022, it is estimated that additional amount of approximately RM42.5 million would be required for completing construction of Solar Farm of Kuala Muda Project.

Separately, reNIKOLA and the respective shareholder of Land Companies entered into the Land Companies Deed of Arrangement (being the KME DOA and Machang DOA), according to which reNIKOLA will provide financial resources to procure the Land Companies to pay a total consideration of RM8,175,518.63 to BGMC Group, for the Land Companies’ redemption of the outstanding RCPS issued by Land Companies to BGMC Group and the Land Companies’ repayment of the outstanding indebtedness to BGMC Group.

IMPLICATIONS UNDER THE LISTING RULES

Given that the Agreements were all entered into or will be entered into upon Completion by the BGMC Group for the purpose of disposing of its interest in BGMC Bras Power to reNIKOLA, the Agreements and the transactions contemplated thereunder are to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreements and transactions contemplated thereunder is more than 75%, the Agreements and transactions contemplated thereunder constitute a very substantial disposal for BGMC under the Listing Rules and is subject to announcement, reporting and shareholders’ approval requirements under the Listing Rules.

GENERAL

BGMC will convene an EGM to approve the Agreements and the transactions contemplated thereunder. A circular containing, among other things, further information relating to the Agreements and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 September 2022, which is more than 15 business days after the date of this announcement as additional time will be required to prepare the circular.

Completion is conditional upon the satisfaction of the conditions set out in the paragraph headed “Deed of Arrangement – Conditions Precedent to Completion” in this announcement. Accordingly, the Completion may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of BGMC.

THE AGREEMENTS

Overview

The Agreements are:

- (1) Deed of Arrangement between BGMC Corporation and reNIKOLA in relation to, among others, BGMC Bras Power's issue of New RPS to reNIKOLA, BGMC Bras Power's redemption of Existing RCPS held by BGMC Corporation and BGMC Bras Power's repayment of Existing Payable to Sparks Energy 1;
- (2) reNIKOLA Advance Agreement between reNIKOLA and BGMC Corporation (supplemented by Supplemental reNIKOLA Advance Agreement);
- (3) BGMC Corporation Advance Agreement between BGMC Corporation and BGMC Bras Power (supplemented by Supplemental BGMC Corporation Advance Agreement);
- (4) Subscription Agreement between BGMC Bras Power and reNIKOLA in relation to BGMC Bras Power's issue of the New RPS to reNIKOLA at a subscription price of RM89,300,000;
- (5) the Shareholders' Agreement which intends to regulate the rights of ordinary shareholders (being Bras Ventures (5%) and BGMC Corporation (95%)) and reNIKOLA (as holder of New RPS), according to which reNIKOLA will participate in the management of BGMC Bras Power upon Completion;
- (6) Options Agreement between BGMC Corporation and reNIKOLA, in relation to, among others, Call Option and Put Option.

Agreement (1) was signed on 24 March 2022.

Agreement (2)-(3) were signed on 24 March 2022 and supplemented by respective supplemental advance agreements on 13 May 2022. The background for supplemental advance agreements are, reNIKOLA was unable to refinance the Bras Power Sukuk Bond pending approvals from OCBC Bank, Energy Commission of Malaysia and TNB, hence reNIKOLA and BGMC Group decided to enter into supplemental advance agreements to increase the advance amount so that BGMC Group can utilize the advance to settle the due payments under Bras Power Sukuk Bond.

Agreement (4)-(6) are in agreed form as schedule to the Deed of Arrangement to be executed upon Completion. According to the Deed of Arrangement, each of reNIKOLA and BGMC Corporation shall enter into the Subscription Agreement, Shareholders' Agreement and Options Agreement (each of which is in agreed form as schedule to Deed of Arrangement) upon Completion when all the conditions precedent to the Deed of Arrangement are fulfilled, including but not limited to the condition of BGMC Bras Power having obtained approval or a letter of no objection from the Energy Commission of Malaysia and TNB for the change of preference shareholders in BGMC Bras Power from BGMC Corporation to reNIKOLA. reNIKOLA's becoming preference shareholders in BGMC Bras Power via subscription for New RPS in BGMC Bras Power would require the consent from the Energy Commission of Malaysia and TNB.

SUMMARY OF PRINCIPAL TERMS OF THE AGREEMENTS

DEED OF ARRANGEMENT

Set out below are a summary of the principal terms of the Deed of Arrangement:

- Date:** 24 March 2022 (after trading hours)
- Promoter:** BGMC Corporation (which holds 95% ordinary shares in BGMC Bras Power)
- Investor:** reNIKOLA

Subscription and Redemption of Preference Shares

- (1) BGMC Corporation shall procure BGMC Bras Power to:
- (a) issue the New RPS to reNIKOLA at the Subscription Price;
 - (b) redeem the Existing RCPS at the Redemption Sum; and
 - (c) repay the Existing Payable; and
- (2) reNIKOLA shall subscribe for the New RPS in BGMC Bras Power at the Subscription Price.

(collectively as “**Transaction**”)

Bras Power Sukuk Bond

Notwithstanding that the conditions precedent as set out in the sub-section headed “Conditions Precedent to Completion” below have not been fulfilled, within 14 days following the date of the Deed of Arrangement, reNIKOLA shall progressively subscribe for or shall cause a third party to progressively subscribe to the Sukuk Murabahah Programme up to the total amount of RM106,000,000.00 subject to the terms and conditions of the Sukuk Murabahah Programme. Such subscription sum shall be utilized by BGMC Bras Power to (i) redeem the existing Sukuk Murabahah Programme subscribed by Sparks Energy 1; and (ii) to fund the completion of the construction of the Kuala Muda Project. For the period from December 2019 up to February 2022, BGMC Bras Power has issued Bras Power Sukuk Bond under the Sukuk Murabahah Programme in the amount of RM72.4 million and at profit rates ranging from 3.80% to 4.25% to Sparks Energy 1. As such, BGMC Bras Power was indebted to Sparks Energy 1 in the amount of RM72.4 million. As at the date of this announcement, reNIKOLA has not started progressively subscribing for or refinancing the Bras Power Sukuk Bond because reNIKOLA’s refinancing of Bras Power Sukuk Bond would require the consent from OCBC Bank, Energy Commission of Malaysia and TNB which are still pending. Hence, reNIKOLA and BGMC Group entered into Supplemental reNIKOLA Advance Agreement to

increase the advance amount from RM19.0 million to RM49.9 million so that BGMC Group can utilize the advance to settle the due payments under Bras Power Sukuk Bond. As at the date of this announcement, BGMC Group had utilized the advances from reNIKOLA to settle the repayment tranches of the Bras Power Sukuk Bond which were due on 11 May 2022 and 10 June 2022. It is expected that each of approval from OCBC Bank, Energy Commission of Malaysia and TNB will be obtained by 15 July 2022. After the aforesaid consents are obtained, the plan is for reNIKOLA to progressively subscribe for or refinance the Bras Power Sukuk Bond according to the maturity dates as follows:

Tranche	Issuance Amount (RM)	Issue Date	Maturity Date ^(Note 1)
1	2,000.00	24 December 2019	24 December 2024
2	24,316,000.00	11 November 2020	11 May 2022 ^{Note 2}
3	4,051,930.11	11 December 2020	10 June 2022 ^{Note 2}
4	10,868,616.23	27 January 2021	27 July 2022 ^{Note 2}
5	4,384,782.40	10 February 2021	10 August 2022 ^{Note 2}
6	3,035,771.28	19 March 2021	16 September 2022 ^{Note 2}
7	4,389,748.35	21 April 2021	21 October 2022 ^{Note 2}
8	3,111,854.94	25 May 2021	25 November 2022 ^{Note 2}
9	3,172,477.25	29 June 2021	27 December 2022 ^{Note 2}
10	2,783,922.33	30 July 2021	27 January 2023 ^{Note 2}
11	1,160,477.17	14 September 2021	14 March 2023 ^{Note 2}
12	1,543,313.22	8 November 2021	8 November 2022
13	6,341,463.95	16 November 2021	16 November 2022
14	1,734,037.95	24 December 2021	24 December 2022
15	1,544,594.50	10 February 2022	10 February 2023
Total	<u>72,440,989.68</u>		

Note 1: A grace period of 5 business days is allowed for maturity date.

Note 2: Certain maturity dates have been extended by OCBC Bank.

Sukuk Murabahah Programme means the Islamic medium term notes based on the Shariah principle of Murabahah (via Tawarruq arrangement) wherein BGMC Bras Power may issue Islamic medium term notes of up to RM106,000,000.00 in nominal value under an Islamic medium term notes programme. Sukuk Murabahah Programme is a means of Islamic financing in Malaysia which generally adopts the documentation of bond issuance instead of loan financing.

Issue of Bras Power Sukuk Bond under the Shariah principle of Murabahah (via Tawarruq arrangement) refers to a mode of cost-plus margin sale under Islamic financing, which means issue of bond with a determined profit rate.

The Bras Power Sukuk Bond was financed by Sparks Energy 1's borrowing of OCBC Bridging Loan. In September 2019, Sparks Energy 1 borrowed a loan with a principal amount of RM220.0 million ("**OCBC Bridging Loan**") from OCBC Bank, of which (1) Sparks Energy 1 made a loan (by way of subscribing for unrated sukuk bond issued by Idiwan Solar Sdn Bhd) up to an amount of RM115.0 million ("**Machang Sukuk Bond**"), and (2) Sparks Energy 1 made a loan (by way of subscribing for Bras Power Sukuk Bond issued by BGMC Bras Power) up to an amount of RM106.0 million. The actual profit rate so far is 4.25%. The whole OCBC Bridging Loan was initially repayable on 11 November 2021, which is one year after the first drawdown. The repayment date was subsequently extended to 11 May 2022 pending OCBC Bank's approval for further extension. The total Bras Power Sukuk Bond in the amount of RM72.4 million constitutes approximately 32.9% of the total amount of OCBC Bridging Loan while approximately RM72.0 million (i.e. 32.7%) of the OCBC Bridging Loan has been utilized for Machang Project, and the remaining 34.4% of the OCBC Bridging Loan has not been drawn as at the date of this announcement. The BGMC Bras Power's redemption of Bras Power Sukuk Bond has been pledged as security for Sparks Energy 1's repayment of OCBC Bridging Loan. Accordingly, BGMC Bras Power will make repayment to OCBC Bank.

Consideration

The total consideration for the Transaction shall be RM89,476,555.49 (the "**Total Consideration**"), being the aggregate of the following:-

- (1) RM89,300,000.00, representing the entire Redemption Sum for the Existing RCPS; and
- (2) RM176,555.49, representing the outstanding amount of the Existing Payable by BGMC Bras Power to Sparks Energy 1, which will be paid by reNIKOLA by making subscription of the New RPS at the Subscription Price and the payment of a loan in the same amount as the Existing Payable.

Payment Terms

On Completion Date, reNIKOLA shall pay to BGMC Bras Power an amount equivalent to the Total Consideration. The Total Consideration paid by reNIKOLA to BGMC Bras Power shall be utilized by BGMC Bras Power to redeem the Existing RCPS at the Redemption Sum and repay the Existing Payable. The payment of Redemption Sum to BGMC Corporation for redemption of the Existing RCPS shall be set off against the amount owing by BGMC Corporation to BGMC Bras Power.

As at the date of announcement, there is an amount of RM0.2 million owing by BGMC Corporation to BGMC Bras Power, which will be set off against the payment of Redemption Sum by BGMC Bras Power to BGMC Corporation.

Investor's right to terminate

Without prejudice to the provisions in the Deed of Arrangement, reNIKOLA shall be entitled to issue a notice of termination to BGMC Corporation if, at any time prior to completion of the Deed of Arrangement:

- (a) BGMC Corporation commit any material breach of any of their obligations under the Deed of Arrangement which
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 30 business days of it being given notice to do so;
- (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of BGMC Bras Power and/or winding up of BGMC Corporation;
- (c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of BGMC Bras Power;
- (d) BGMC Bras Power becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (e) BGMC Bras Power ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Deed of Arrangement); or
- (f) any of BGMC Corporation's warranties given by BGMC Corporation in the Deed of Arrangement is found at any time to be materially untrue or incorrect.

The Promoter's right to terminate

Without prejudice to the provisions in the Deed of Arrangement, BGMC Corporation shall be entitled to issue a notice of termination to reNIKOLA if, at any time prior to Completion:

- (a) reNIKOLA commit any material breach of any of their obligations under the Deed of Arrangement which:
 - (i) is incapable of remedy; or
 - (ii) if capable of remedy, is not remedied within 30 business days of it being given notice to do so;

- (b) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding up of reNIKOLA;
- (c) an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of reNIKOLA;
- (d) reNIKOLA becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;
- (e) reNIKOLA ceases or threatens to cease or carry on the whole or any substantial part of its business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Deed of Arrangement); or
- (f) any of the investor warranties given by reNIKOLA is found at any time to be materially untrue or incorrect.

Conditions Precedent to Completion

Completion is conditional upon the satisfaction of the following conditions precedent:

- (a) BGMC Bras Power having obtained the fulfilment of conditions precedent as set out in the Power Purchase Agreement for the commercial operations of the Kuala Muda Project by BGMC Bras Power;
- (b) BGMC having obtained the approval of its shareholders at an extraordinary general meeting to be convened in respect of the transaction under the Deed of Arrangement (to the extent required);
- (c) BGMC Bras Power having obtained approval or a letter of no objection from the Energy Commission of Malaysia and TNB for the change of preference shareholders in BGMC Bras Power from BGMC Corporation to reNIKOLA;
- (d) reNIKOLA having entered into the KME DOA;

The completion of the transaction under the Deed of Arrangement shall be subject to simultaneous completion of the transaction contemplated in the KME DOA. For details, please refer to the section headed “Simultaneous Completion with KME DOA” below.

- (e) the results and findings of the operational, technical, legal, financial and tax due diligence review undertaken on BGMC Bras Power, provided that in the event reNIKOLA is of the view that there are any material adverse findings arising from the said due diligence, reNIKOLA shall notify BGMC Corporation in writing of the same and the parties to the Deed of Arrangement shall discuss in good faith to resolve the same within fourteen (14) business days of receipt by BGMC Corporation of the written notification. All material adverse findings notified in writing by reNIKOLA to BGMC

Corporation shall be resolved on or before the Longstop Date and reNIKOLA shall provide a confirmation on whether the due diligence is satisfactory or not on or prior to the Longstop Date; and

- (f) the disclosure letter to be made by BGMC Bras Power to reNIKOLA for certain factual information related to BGMC Bras Power which are made aware to reNIKOLA being acceptable to reNIKOLA in its sole and absolute discretion.

Condition (a) has been fulfilled, as TNB certified that the Commercial Operation Date is 22 March 2022.

Condition (d) has been fulfilled, as KME DOA has been signed on 24 March 2022.

Apart from above, other conditions have not been fulfilled as at the date of this announcement.

Other conditions of Completion

Completion shall take place on Completion Date provided that:

- (1) there has been no Material Adverse Change in respect of the operation of BGMC Bras Power since the date of the Deed of Arrangement;
- (2) the promoter warranties set out in Deed of Arrangement remains accurate at the Completion Date as if given on that date by reference to the facts and circumstances then existing;
- (3) BGMC Corporation have not breached any material undertakings, representations, warranties and covenants under the Deed of Arrangement; and
- (4) no government agency shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order, whether temporary, preliminary or permanent, which is in effect and which has or would have the effect of making the Transaction illegal or restraining or prohibiting consummation of such Transaction.

In the event any of the condition(s) prevents the Completion of the Transaction, then reNIKOLA shall have the right (but not the obligation) to terminate the Deed of Arrangement on written notice to BGMC Corporation and if the Deed of Arrangement is so terminated, all obligations of the parties under the Deed of Arrangement (except obligations arising under the surviving clauses) shall cease and no party (including any third party which may have rights under the Deed of Arrangement) shall have any claim against any other party under the Deed of Arrangement save for any claim arising from any antecedent breach of any obligation under the Deed of Arrangement and any claim under the surviving clauses.

Simultaneous Completion with KME DOA

The parties hereby acknowledge and agree that either party shall not be obliged to complete the Transaction unless the transaction contemplated in the KME DOA is completed simultaneously with the Completion of the Deed of Arrangement.

The completion of the transaction under the Deed of Arrangement shall be subject to simultaneous completion of the transaction contemplated in the KME DOA. For the avoidance of doubt, the completion of the transaction under the Deed of Arrangement and the transaction contemplated in the KME DOA are inter-conditional and neither transaction may be completed without the other transaction being completed simultaneously. In the event the transaction contemplated in the KME DOA is aborted for any reason whatsoever, the transaction under this Deed of Arrangement shall be deemed terminated immediately and all obligations of the parties under this Deed of Arrangement (except obligations arising under certain surviving clauses in the Deed of Arrangement) shall cease and no party to the Deed of Arrangement (including any third party which may have rights under the Deed of Arrangement) shall have any claim against any other parties under this Deed of Arrangement save for any claim arising from any antecedent breach of any obligation under this Deed of Arrangement and any claim under the surviving clauses.

Completion Date

Completion Date means the date that Completion occurs in accordance with the Deed of Arrangement, which shall be fourteen (14) days from the date the last of the condition precedent has been fulfilled (or waived) in accordance with the Deed of Arrangement, or such other date and time as agreed by the parties in writing.

Longstop Date

Three (3) months from the date of the Deed of Arrangement or such other date as agreed in writing by the parties to the Deed of Arrangement.

As at the date of this announcement, the current Longstop Date (24 June 2022) has been automatically extended for 2 months to 24 August 2022 according to the terms under the section “Effect of Non-Fulfilment” below.

Effect of Non-Fulfilment

If any of the conditions precedent to the Deed of Arrangement is not fulfilled (or waived) on or before the Longstop Date, provided always that the period to fulfil the conditions precedent shall automatically be extended for a further period of two (2) months from the end of the Longstop Date (“**Extended Longstop Date**”). In the event the only condition(s) precedent that is not fulfilled by the Longstop Date is item (b) and/or (d) in the sub-section headed “Conditions Precedent to Completion” above, then upon the expiry of the Longstop Date and, if applicable, Extended Longstop Date or such other date to be mutually agreed in writing by the parties to the Deed of Arrangement, either BGMC Corporation or reNIKOLA may terminate the Deed of Arrangement (other than the surviving clauses) by notice in writing to the other parties and:

- (a) the Deed of Arrangement shall lapse and be null and void and of no effect whatsoever and no party (including any third party which may have rights under this Deed of Arrangement) shall have any claim against any other party under the Deed of Arrangement, save for any claim arising from antecedent breaches of any obligation under the Deed of Arrangement and under any surviving clauses; and

- (b) reNIKOLA will return to BGMC Corporation or destroy as directed by BGMC Corporation any records and all confidential information which it has under its control or possession.

reNIKOLA acknowledges that:

- (a) the following are the existing legal proceedings in which BGMC Corporation is currently involved in relation to the Kuala Muda Project:
- (i) DPI Solar 1 initiated legal proceedings against BGMC and BGMC Corporation pursuant to the DPI Loan Agreement dated 17 July 2019 that was entered into between DPI Solar 1 as lender and BGMC as borrower for recovery of an outstanding loan amount of USD1.9 million. A corporate guarantee was provided by BGMC Corporation as security for this DPI Loan Agreement. DPI Solar 1 was awarded a judgment and BGMC Group settled the judgment debts in full on 26 January 2022; and
 - (ii) DPI Solar 1 commenced arbitration proceedings against BGMC, the ultimate holding company of BGMC Corporation pursuant to the call and put option agreement dated 29 August 2019 entered into between BGMC Energy, BGMC, DPI Solar 1 and the JV Company (the “**JV Company Options Agreement**”). According to the JV Company Options Agreement, DPI Solar 1 is entitled to exercise a put option and require BGMC to purchase from 45.1% to up to 50.1% of the 21.43 million preference shares of USD1.00 per share of the JV Company being held by DPI Solar 1. On 19 February 2021, DPI Solar 1 purportedly exercised the said put option and required BGMC to purchase 50.1% of the said preference shares, i.e. 10,736,430 preference shares. BGMC was unable to satisfy the said request due to lack of funds. As a result, DPI Solar 1 commenced arbitration proceedings against BGMC. This arbitration proceedings are still ongoing.

(collectively, “**Existing Legal Proceedings**”); and

- (b) Sparks Energy and its subsidiaries (collectively, “**Sparks Energy Group of Companies**”) and Sparks Energy Group of Companies’ related companies, DPI Solar 1, AD Solar Pte Ltd and/or Hasilwan Solar Sdn Bhd may file legal proceedings in respect of the Transaction or any subject matter which is related to the Transaction or the Existing Legal Proceedings (“**Anticipated Legal Proceedings**”). The Anticipated Legal Proceedings was only pre-emption of possible legal proceedings brought by Sparks Energy Group of Companies or its related company against BGMC Bras Power. Such clause is in place to protect BGMC’s interest because BGMC wants to avoid the situation where reNIKOLA may use any possible legal proceedings brought by Sparks Energy Group of Companies against BGMC Bras Power to terminate the transactions contemplated under the Agreements.

(The Existing Legal Proceedings and the Anticipated Legal Proceedings shall collectively be referred to as the “**Relevant Legal Proceedings**”). Accordingly, the parties agree and covenant to cooperate in respect of the Relevant Legal Proceedings and the parties shall not use or refer to the Relevant Legal Proceedings as a basis for either party to terminate the Transaction and the Deed of Arrangement.

RENIKOLA ADVANCE AGREEMENT

Set out below are summary of the principal terms of the reNIKOLA Advance Agreement (supplemented by Supplemental reNIKOLA Advance Agreement):

Date: 24 March 2022

Borrower: BGMC Corporation

Lender: reNIKOLA

The Advance: (a) At the request of BGMC Corporation, reNIKOLA agrees to advance a sum of RM49.9 million (the “**reNIKOLA Advance Sum**”) to BGMC Corporation for the sole purpose of BGMC Corporation on lending such amount to BGMC Bras Power for the purpose of (i) fulfilling the terms and conditions under the Power Purchase Agreement; (ii) paying the contractors of BGMC Bras Power and (iii) paying the sums due and payable by BGMC Bras Power under Bras Power Sukuk Bond, subject to the terms and conditions hereinafter contained.

The reNIKOLA Advance Sum was initially RM19.0 million under the reNIKOLA Advance Agreement dated 24 March 2022 and subsequently was increased to RM49.9 million under the Supplemental reNIKOLA Advance Agreement dated 13 May 2022.

According to the terms and conditions of Power Purchase Agreement, TNB has requested additional bank guarantee in the amount of RM7.56 million as performance bond for possible delay compensation for the period from 21 June 2021 to 28 February 2022. It is expected that part of the reNIKOLA Advance Sum will be utilized to arrange for the said bank guarantee.

(b) reNIKOLA shall, within ten (10) business days from the receipt of certain documents or such other period agreed in writing by the parties, pay the reNIKOLA Advance Sum directly to the designated bank account of BGMC Bras Power as informed by Borrower or BGMC Bras Power in writing. As at the date of this announcement, BGMC Group has drawn down advance of RM43.1 million. BGMC Group will draw down the remaining advance of RM6.8 million from reNIKOLA when need arises for working capital and payment for project contractors.

- (c) BGMC Corporation shall pay to reNIKOLA any fee charged by reNIKOLA's financier and an interest at the rate of two per centum (2%) per annum above reNIKOLA's financier's three (3) months Islamic cost of funds on the outstanding reNIKOLA Advance Sum owing by BGMC Corporation to reNIKOLA, calculated on daily basis from the date of disbursement until repayment of the full amount of reNIKOLA Advance Sum owing under the reNIKOLA Advance Agreement. Since the Islamic cost of funds is determined by reference to the Islamic interbank rates which are determined by the central bank of Malaysia from time to time, BGMC Corporation will only be notified of the actual interest rate payable upon receipt of the respective interest bills.

**Repayment of
Advance Sum:**

- (a) The reNIKOLA Advance Sum together with any fee and interest accrued thereon shall be repayable in full by BGMC Corporation to reNIKOLA on the Completion Date (as defined in the Deed of Arrangement). The parties to the reNIKOLA Advance Agreement acknowledge that the repayment of the reNIKOLA Advance Sum shall be by way of assignment whereby BGMC Corporation shall, on the Completion Date, assign in favour of reNIKOLA the Advance Sum and any fee and interest accrued thereon owing by BGMC Bras Power to BGMC Corporation pursuant to the BGMC Corporation Advance Agreement, resulting in BGMC Bras Power owing the reNIKOLA Advance Sum and any fee and interest accrued thereon directly to reNIKOLA on the Completion Date and BGMC Corporation's liability hereunder shall be discharged upon the perfection of the said assignment.
- (b) If the Deed of Arrangement is terminated or rescinded for any reason whatsoever, or if an event of default shall have occurred and be continuing, the outstanding reNIKOLA Advance Sum owing under the reNIKOLA Advance Agreement together with any fee and interest accrued thereon shall be repayable in full by BGMC Corporation to reNIKOLA within seven (7) business days from demand in writing by reNIKOLA.
- (c) Upon full repayment of the reNIKOLA Advance Sum together with the fee and interest accrued thereon by BGMC Corporation to reNIKOLA, the reNIKOLA Advance Agreement shall cease to be of any further effect.

Security:

As a guarantee for the repayment of the reNIKOLA Advance Sum and the fee and interest accrued thereon, BGMC Corporation, as legal and beneficial owner of the Existing RCPS, shall deposit, and shall procure BGMC Bras Power to deposit, in favour of reNIKOLA all the necessary documents with the stakeholder who shall be authorised to hold and release the documents in the manner as provided in the reNIKOLA Advance Agreement and a memorandum of deposit to be executed by BGMC Corporation (in the form agreed in the reNIKOLA Advance Agreement) (the “**Memorandum of Deposit**”) for the purpose of charging the Existing RCPS in favour of reNIKOLA on the date of the reNIKOLA Advance Agreement.

Upon the occurrence of an event of default under the reNIKOLA Advance Agreement as notified by reNIKOLA, reNIKOLA can enforce the security, subject to the approval of the Energy Commission of Malaysia in accordance with the requirements under Power Purchase Agreement.

Simultaneous with the execution of the reNIKOLA Advance Agreement, BGMC Corporation shall execute in favour of reNIKOLA’s financier a deed of assignment whereby BGMC Corporation assigns unto reNIKOLA’s financier absolutely all the rights, title and interest of BGMC Corporation in and to the BGMC Corporation Advance Agreement, effective from the date of the BGMC Corporation Advance Agreement.

SUPPLEMENTAL RENIKOLA ADVANCE AGREEMENT

On 13 May 2022, BGMC Corporation and reNIKOLA entered into the Supplemental reNIKOLA Advance Agreement to (i) increase the advance amount from RM19.0 million to RM49.9 million, and (ii) allow the use of the advance amount by BGMC Bras Power to pay the sums due and payable under the Bras Power Sukuk Bond.

BGMC CORPORATION ADVANCE AGREEMENT

Set out below are summary of the principal terms of the BGMC Corporation Advance Agreement (supplemented by Supplemental BGMC Corporation Advance Agreement):

Date: 24 March 2022

Borrower: BGMC Bras Power

Lender: BGMC Corporation

The Advance:

- (a) BGMC Corporation agrees to advance a sum of RM49.9 million (the “**BGMC Corporation Advance Sum**”) to BGMC Bras Power for the sole purpose of (i) fulfilling the terms and conditions under the Power Purchase Agreement dated 27 March 2018 entered into between TNB and Borrower; (ii) paying the contractors of BGMC Bras Power and (iii) paying the sums due and payable by BGMC Bras Power under Bras Power Sukuk Bond, subject to the terms and conditions hereinafter contained.

The BGMC Corporation Advance Sum was initially RM19.0 million under the BGMC Corporation Advance Agreement dated 24 March 2022 and was subsequently increased to RM49.9 million under the Supplemental BGMC Corporation Advance Agreement dated 13 May 2022.

- (b) the parties agree that reNIKOLA shall pay the BGMC Corporation Advance Sum directly to the designated bank account of BGMC Bras Power as informed by BGMC Corporation or BGMC Bras Power in accordance with reNIKOLA Advance Agreement.
- (c) BGMC Bras Power shall pay to BGMC Corporation any fee that may be incurred by BGMC Corporation in providing the BGMC Corporation Advance Sum and an interest at the rate of two per centum (2%) per annum above the three (3) months Islamic cost of funds of Malaysian bank (to be mutually agreed) on the outstanding BGMC Corporation Advance Sum owing by BGMC Bras Power to BGMC Corporation, calculated on daily basis from the date of disbursement until repayment of the full amount of BGMC Corporation Advance Sum owing under the BGMC Corporation Advance Agreement.

**Repayment of
Advance Sum:**

- (a) The BGMC Corporation Advance Sum together with any fee and interest accrued thereon shall be repayable in full by BGMC Bras Power to BGMC Corporation on the date as notified by reNIKOLA.
- (b) If the Deed of Arrangement is terminated or rescinded for any reason whatsoever, or if an event of default shall have occurred and be continuing, the outstanding BGMC Corporation Advance Sum owing under BGMC Corporation Advance Agreement together with any fee and interest accrued thereon shall be repayable in full by BGMC Bras Power to BGMC Corporation within seven (7) business days from demand in writing by BGMC Corporation, or if BGMC Corporation so elects, upon serving of a subscription notice to BGMC Bras Power (the “**Subscription Notice**”), subscribe or nominate a party to subscribe for such number of redeemable convertible preference shares in BGMC Bras Power, which shall be free from encumbrances and shall rank pari passu in all respects with the existing redeemable convertible preference shares of BGMC Bras Power the subscription sum of which shall be equivalent to the then outstanding BGMC Corporation Advance Sum together with any fee and interest accrued and all other amounts which are then due and payable by BGMC Corporation under the BGMC Corporation Advance Agreement and shall be payable by way of set off against the amount owing by BGMC Bras Power to BGMC Corporation pursuant to the BGMC Corporation Advance Agreement.
- (c) Upon full repayment of the BGMC Corporation Advance Sum together with the fee and interest accrued thereon by BGMC Bras Power to BGMC Corporation, the BGMC Corporation Advance Agreement shall cease to be of any further effect.

**SUPPLEMENTAL BGMC CORPORATION ADVANCE AGREEMENT DATED 13
MAY 2022**

On 13 May 2022, BGMC Corporation and BGMC Bras Power entered into the Supplemental BGMC Corporation Advance Agreement to (i) increase the advance amount from RM19.0 million to RM49.9 million, and (ii) allow the use of the advance amount by BGMC Bras Power to pay the sums due and payable under the Bras Power Sukuk Bond.

SUBSCRIPTION AGREEMENT

Set out below are summary of the principal terms of the Subscription Agreement which is in agreed form to be executed upon Completion. The content of the Subscription Agreement is in agreed form as schedule to the Deed of Arrangement signed on 24 March 2022. reNIKOLA's subscription for New RPS will take place upon Completion (as defined in Deed of Arrangement).

Issuer: BGMC Bras Power

Subscriber: reNIKOLA

Subscription price: RM89,300,000, which is payable upon completion of the subscription.

Subscription date: the date when the subscription price is deposited into BGMC Bras Power's bank account in clear funds in exchange for the issue of the New RPS to reNIKOLA

Terms of the New RPS: New RPS are non-voting and carry certain special rights, the details of which are set out in the section "Shareholders' Agreement – Terms of New RPS" below.

SHAREHOLDERS' AGREEMENT

Set out below are the summary of principal terms of the Shareholders' Agreement which is in agreed form and expected to be executed upon Completion:

Parties: BGMC Bras Power, BGMC Corporation (95% ordinary shares holder), reNIKOLA (New RPS holder) and Bras Ventures (5% ordinary shares holder). The ultimate controlling shareholder of Bras Ventures is Dato' Hj Ramle bin Nayan, who is a native of Malaysia.

Effective date: The date of completion of the subscription of New RPS by reNIKOLA.

Capital structure of BGMC Bras Power: The share capital consists of (1) 100,000 ordinary shares, 95% of which is held by BGMC Corporation and 5% is held by Bras Ventures, and (2) 89,300,000 New RPS which will be wholly owned by reNIKOLA.

Directors and board meetings:

Unless otherwise unanimously agreed by the holders of ordinary shares and New RPS, the board of BGMC Bras Power shall comprise of a minimum of 3 and a maximum of 5 directors all to be nominated by reNIKOLA.

Terms of New RPS

The New RPS shall confer on the holders of the New RPS, among others, the following rights and privileges:

Income

The holders of the New RPS shall be paid a cumulative preferential cash dividend, of up to 1,000% of the aggregate of the paid up preference share capital of the New RPS.

All unpaid dividend shall carry an interest at two percent (2%) per annum over the Kuala Lumpur Interbank Offer Rate which shall be compounded at twelve (12) monthly intervals.

Redemption of the New RPS

BGMC Bras Power may redeem the New RPS at any time after the New RPS are issued, upon giving to the holders of the New RPS notice in writing.

BGMC Bras Power shall pay on each New RPS redeemed a sum equal to:

1. any arrears or accruals of the preferential dividend payable in respect of the New RPS calculated to the date of redemption, plus
2. 1,000% of the aggregate of the amounts paid up in respect of the preference share capital of the New RPS.

Voting rights of the New RPS

Subject to the provisions of the Companies Act 2016 (Laws of Malaysia), the holders of the New RPS shall be entitled to receive notice of and attend but shall not be entitled to vote at any general meeting of BGMC Bras Power, except (i) when preferential dividend was in arrears and unpaid; (ii) on resolution which varied the rights attached to preference shares; and (iii) on resolution for winding up of BGMC Bras Power.

OPTIONS AGREEMENT

Set out below are summary of the principal terms of the Options Agreement which is in agreed form and will be executed upon Completion:

Party A: BGMC Corporation

Party B: reNIKOLA

Option shares: An aggregate total of 95,000 ordinary shares of BGMC Bras Power, representing 95% of the entire issued ordinary share capital of BGMC Bras Power owned by BGMC Corporation

**Call option
(the “Call Option”)
and option price:**

- (a) The right for reNIKOLA to purchase from BGMC Corporation, and to require BGMC Corporation to sell, upon the terms and subject to the conditions of the Options Agreement, all and not part of the Option Shares free from encumbrances at the Option Price, at any time during the Option Period.
- (b) Upon reNIKOLA exercising the Call Option, reNIKOLA shall purchase from BGMC Corporation the Option Shares free from encumbrances at the Option Price which shall be payable to BGMC Corporation, and the sale and purchase of the Option Shares shall be in accordance with the terms of the Options Agreement.

**Put option
(the “Put Option”)
and option price:**

- (a) If the Call Option has not already been exercised by reNIKOLA, BGMC Corporation shall have the right to require reNIKOLA to purchase from BGMC Corporation, upon the terms and subject to the conditions of the Options Agreement, all and not part of the Option Shares free from encumbrances at the Option Price, at any time during the Option Period.
- (b) Upon BGMC Corporation exercising the Put Option, reNIKOLA shall purchase from BGMC Corporation the Option Shares free from encumbrances at the Option Price which shall be payable to BGMC Corporation, and the sale and purchase of the Option Shares shall be in accordance with the terms of the Options Agreement.

Option Premium:

RM1.00 payable by reNIKOLA to BGMC Corporation for the grant of Call Option.

RM1.00 payable by BGMC Corporation to reNIKOLA for the grant of Put Option.

Option Premium is payable upon signing of the Options Agreement.

To the Directors’ knowledge, the Option Premium is nominal in nature to ensure the legal enforceability of the Options Agreement.

Option Price:

RM10.45 million (i.e. RM110.00 for each of 95,000 Option Share which represents 95% ordinary shares in BGMC Bras Power) which shall be payable by reNIKOLA to BGMC Corporation upon reNIKOLA’s exercise of Call Option or BGMC Corporation’s exercise of Put Option.

The consideration for the economic interest in 95% equity interest of BGMC Bras Power, as represented by the Option Price of RM10.45 million, has been agreed on arm's length basis. The consideration is calculated based on the amount of BGMC Corporation's financial input into BGMC Bras Power (through the subscription of RCPS) plus the 7.5% return (same as the agreed dividend return for BGMC Corporation's financial input as disclosed on page 32 of the 2020 Circular). To fund the construction for Kuala Muda Project, BGMC Corporation raised and paid a total of RM89.3 million in two tranches on 29 August 2019 and 15 January 2021 respectively through subscription for RCPS into BGMC Bras Power at an agreed dividend return rate of 7.5% per annum. Despite the RCPS will yield a fixed cumulative dividend of 7.5% per annum, the dividend can only be distributed subject to availability of distributable profits. By applying a cumulative dividend of 7.5% and assuming the repayment date is 31 March 2022 (i.e. the immediate month end after signing the Deed of Arrangement on 24 March 2022), the total dividend amount payable is approximately RM11.0 million. All parties had then negotiated and agreed to a total Option Price of RM11.0 million. Since BGMC Bras Power is held by BGMC Corporation as to 95%, the amount collectable shall equal the product of RM11.0 million multiplied by 95% which is RM10.45 million. This dividend rate of 7.5% is adopted for reference purposes only and should not be treated as any real dividend payments because no dividend has been declared in respect of the RCPS held by BGMC Corporation due to the fact that the Kuala Muda Project still has not started to yield any profits.

From BGMC Group's perspectives, it is no longer economically viable for BGMC Group to continue with the Kuala Muda Project and hence practically the economic value of Kuala Muda Project is zero and would only require further financial input from BGMC Group. Despite the Kuala Muda Project has achieved Commercial Operation Date in March 2022, there are still remaining works to be completed and payments to be made before a meaningful valuation of the entire project can be obtained.

Considering (1) reNIKOLA will procure for BGMC Bras Power redemption of RCPS to BGMC Corporation in the amount of RM89.3 million, (2) reNIKOLA will arrange for BGMC Bras Power's payment of advance owed to Sparks Energy 1 in the amount of RM176,555.49, (3) reNIKOLA will arrange for refinancing or repayment of BGMC Bras Power Sukuk Bond of RM72.4 million, (4) reNIKOLA will finance the further enhance of Kuala Muda Project for which it is estimated that RM42.5 million, accordingly, the Board of BGMC considered the Option Price of RM10.45 million representing BGMC's previous financial input in the principal of RM89.3 million (which is already recouped under (1) above, plus 7.5% dividend return) is a fair price for the Option Price over the 95% economic interest to BGMC Group.

Dividends/ Distribution:	Any dividend/distribution paid by BGMC Bras Power to and received by BGMC Corporation in cash on the Option Shares (on which an Option is so exercised) subsequent to the date of the Options Agreement shall be a deduction in arriving at the Option Price for such Option Shares. Such deduction shall be calculated based on the amount of dividend paid to and received by BGMC Corporation for the exercised Option Shares.
Option Period:	The Option may be exercisable by either BGMC Corporation or reNIKOLA in writing at any time prior to the expiry of the Power Purchase Agreement but not earlier than the 5 th anniversary from the Commercial Operation Date on 22 March 2022. BGMC Corporation undertakes and covenants with reNIKOLA that from the signing date of Options Agreement and during the Option Period, BGMC Corporation shall not in any way deal, charge, transfer or encumber the Option Shares in any manner whatsoever or issue any ordinary shares or any other shares in BGMC Bras Power without the prior consent of reNIKOLA.
Condition to the transfer of the Option Shares, and date of completion:	Upon issuance of the Call Option Notice or Put Option Notice (as the case may be), BGMC Corporation or reNIKOLA shall procure BGMC Bras Power to obtain the consent from Suruhanjaya Tenaga (i.e. Energy Commission of Malaysia) and TNB as required under the Power Purchase Agreement for the transfer of the Option Shares. The completion shall take place within seven days from the date of receipt of the consent of Energy Commission of Malaysia and TNB being obtained as required under the Power Purchase Agreement. After shareholders' approval is obtained for the Agreements and the transactions contemplated thereunder, the Company will not seek another shareholders' approval for the exercise of the Call Option or Put Option.

KME DOA

KME DOA is entered between Bras Ventures (shareholder of the Kuala Muda Land Company) and reNIKOLA on 24 March 2022. BGMC Group is not a party to KME DOA. To the Directors' knowledge, according to KME DOA, reNIKOLA shall provide financial assistance for Kuala Muda Land Company's repayment of indebtedness being RM1,009,383.08 and redemption of RCPS being RM2,549,627.60 to BGMC Group.

For acquisition details of the Kuala Muda Project, please refer to the section headed "Kuala Muda Project" below.

Machang DOA

Machang DOA is entered between Idiqa Holding Sdn Bhd (shareholder of the Machang Project Land Company) and reNIKOLA on 19 January 2022. BGMC Group is not a party to Machang DOA. To the Directors' knowledge, according to Machang DOA, reNIKOLA shall provide financial assistance for Machang Project Land Company's repayment of indebtedness being RM1,471,337.67 and redemption of RCPS being RM3,145,170.28 to BGMC Group.

As disclosed on page 3 and 5 of the announcement dated 25 July 2019, the Land Companies are entitled to redeem the RCPS held by BGMC Group. The Land Companies' redemption of RCPS and repayment of indebtedness to BGMC Group were equal to the initial financial input by BGMC Group. Although RCPS terms provided for dividend subject to availability of distributable profits in the form of cash, the Land Companies have not been able to pay any such dividend in accordance with the terms of RCPS to the Group because the Land Companies did not have distributable profit. According to the RCPS terms, the Land Companies are entitled to redeem the RCPS held by BGMC Group at a price which equals BGMC Group's financial input for such RCPS.

Land Companies, via redemption of outstanding RCPS and repayment of indebtedness, will pay the total amount of RM8,175,518.63 to the BGMC Group. This amount represents all outstanding financial contribution previously made by the BGMC Group towards the Land Companies.

BACKGROUND OF KUALA MUDA PROJECT AND MACHANG PROJECT

References are made to (1) the announcement of the Company dated 25 July 2019 which is supplemented by the announcement of the Company dated 14 August 2019 with respect to the BGMC Group's subscription for RCPS in Land Companies of Kuala Muda Project and Machang Project; and (2) the announcement of the Company dated 29 August 2019 and the 2020 Circular with respect to BGMC Group and other JV Partners' cooperation through setting up JV Company and engagement of the JV Company's indirect wholly-owned subsidiary as management services company for the Kuala Muda Project and the Machang Project.

MACHANG PROJECT

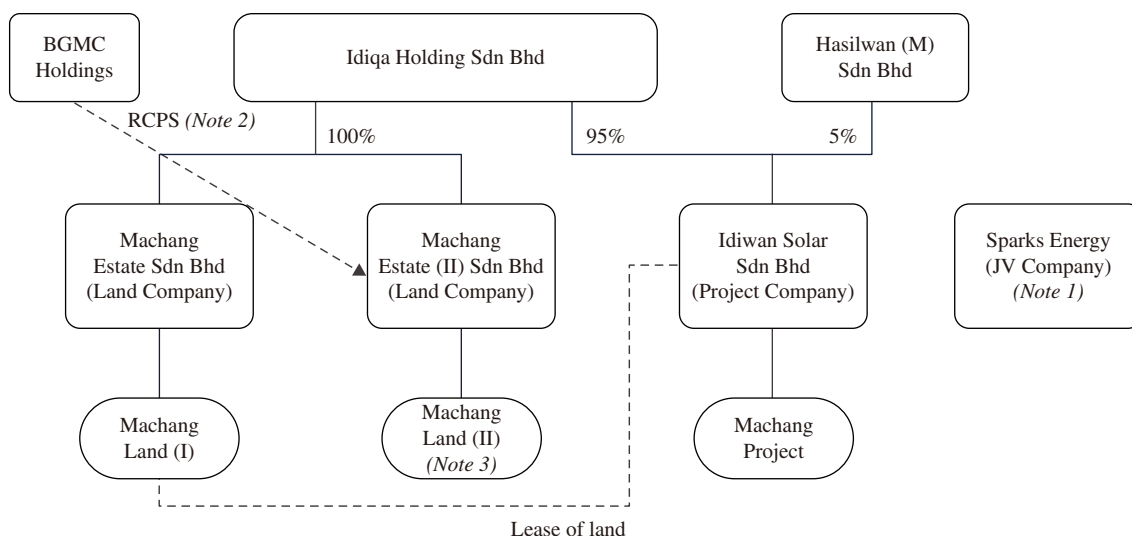
BGMC Group is not the project owner of Machang Project, but held RCPS in Machang Project Land Company. In July 2019, BGMC Group injected funds (via subscription for RCPS) into Machang Project Land Company for purchasing land. Machang Project Land Company will redeem the RCPS held by BGMC Group upon Completion pursuant to the Machang DOA.

As of current, BGMC Group holds 451 ordinary shares out of the total issued ordinary shares of 17,628,379,817 (i.e. a shareholding of approximately 0.0000026%) in Sparks Energy (i.e. JV Company) and such shareholding will not change after Completion and/or exercise of Options. BGMC Group does not intend to further involve in Machang Project after Completion.

As at the date of this announcement, the operation, maintenance & management services agreement between Idiwan Solar Sdn Bhd and Sparks Energy Sdn Bhd has been terminated.

The structure chart of Machang Project before and after Completion is set out below for illustration purpose.

Current Structure

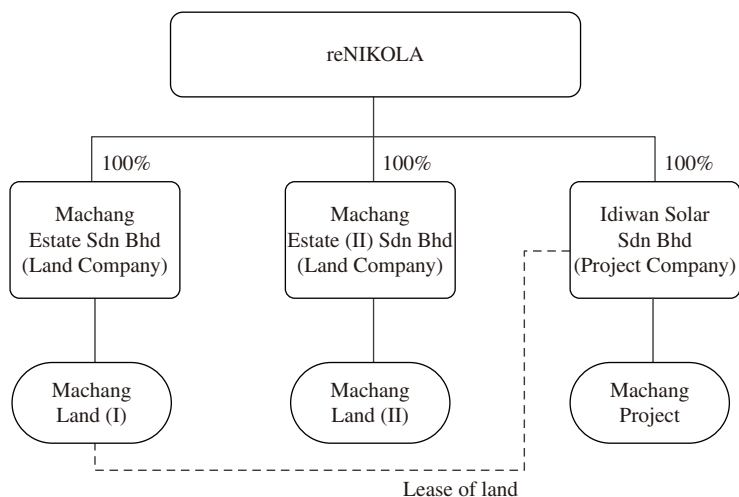


Note 1: As at the date of announcement, BGMC Group holds 451 ordinary shares out of the total issued ordinary shares of 17,628,379,817 (i.e. shareholding of approximately 0.0000026%) in Sparks Energy. As at the date of this announcement, the operation, maintenance & management services agreement between Idiwan Solar Sdn Bhd and Sparks Energy Sdn Bhd (the indirect wholly-owned subsidiary of Sparks Energy) has been terminated.

Note 2: The outstanding amount of RCPS issued by Machang Estate (II) Sdn Bhd to BGMC Holdings is RM3,145,170.28. The outstanding indebtedness owed by Machang Estate Sdn Bhd to BGMC Corporation is RM937,613.77 and Machang Estate (II) Sdn Bhd to BGMC Corporation is RM533,723.90.

Note 3: Machang Land (II) was reserved for the development of the next phase of large-scale solar photovoltaic energy producing power plant for Machang Project, which has not been utilized up to date.

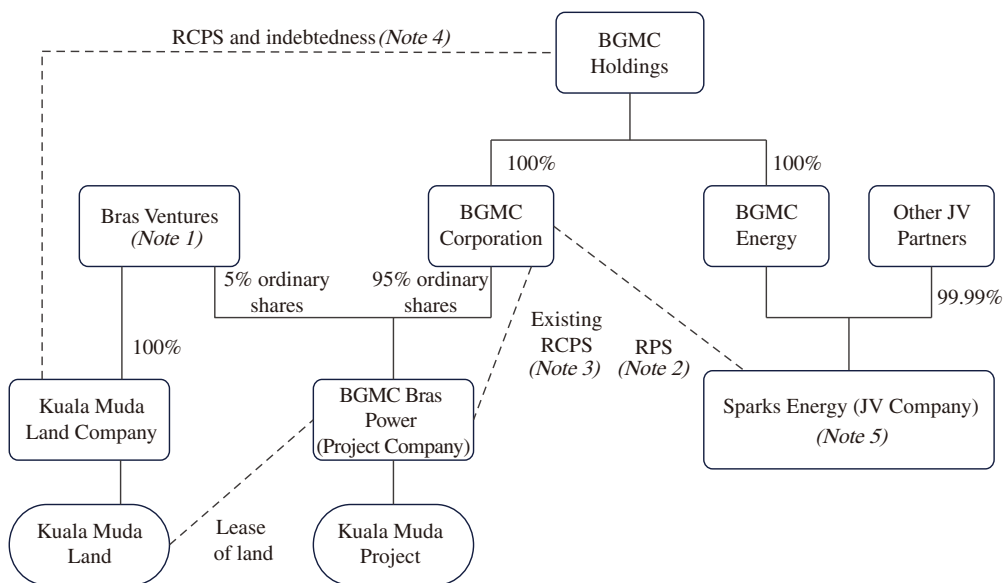
After Completion



KUALA MUDA PROJECT

The structure chart of Kuala Muda Project before and after Completion is set out below for illustration purpose.

Current Structure



Note 1: Bras Ventures is not related to BGMC Group.

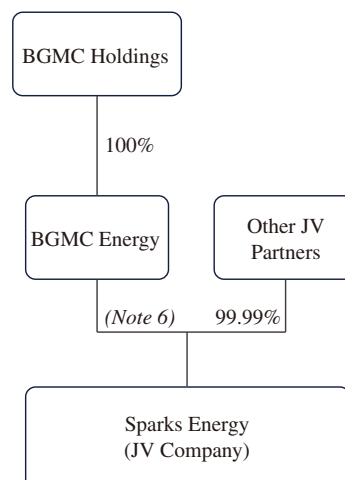
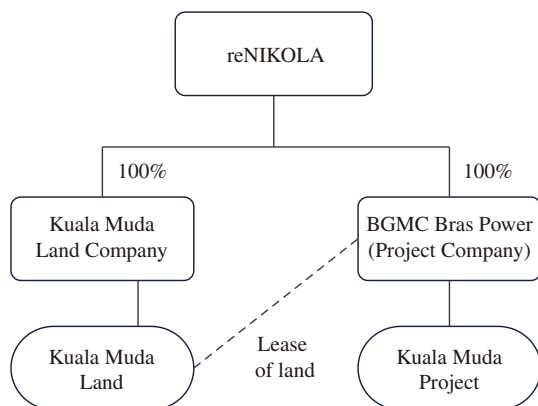
Note 2: The outstanding amount of RPS issued by BGMC Corporation to Sparks Energy 1 (the indirect wholly-owned subsidiary of Sparks Energy) is RM89.3 million.

Note 3: The outstanding amount of Existing RCPS issued by BGMC Bras Power to BGMC Corporation is RM89.3 million.

Note 4: The outstanding amount of the RCPS issued by Kuala Muda Land Company to BGMC Holdings is RM2,549,627.60, and the outstanding indebtedness owed by Kuala Muda Land Company to BGMC Corporation is RM1,009,383.08.

Note 5: As at the date of this announcement, the operation, maintenance & management services agreement between BGMC Bras Power and Sparks Energy Sdn Bhd (the indirect wholly-owned subsidiary of Sparks Energy) has been terminated.

After Completion and assuming exercise of Options



Note 6: As at the date of announcement, BGMC Group holds 451 ordinary shares out of the total issued ordinary shares of 17,628,379,817 (i.e. shareholding of approximately 0.0000026%) in Sparks Energy.

Letter of award and Power Purchase Agreement with TNB

BGMC Bras Power (in which BGMC holds 95% ordinary shares) is the project owner of Kuala Muda Project. The Kuala Muda Project was awarded by the Energy Commission of Malaysia to BGMC Bras Power via the Letter of Award, which was accepted by BGMC Bras Power. According to the Letter of Award, BGMC Bras Power secured the right to develop, own and operate a 30 megawatt alternate current solar power plant for Kuala Muda Project.

In March 2018, BGMC Bras Power entered into a 21-year Power Purchase Agreement with TNB, which is a sole energy distributor in Peninsular Malaysia. Upon completion of the construction, the solar power plant will generate and sell the power to TNB.

Subscription for RCPS in Land Companies

In July 2019, BGMC Group injected funds (via subscription for RCPS) into Kuala Muda Land Company for purchasing the land upon which the Solar Farm will be built for the Kuala Muda Project. Upon Completion, BGMC Group will fully recoup the prior investment into Kuala Muda Land Company.

Engagement of contractors and development costs for construction of Solar Farm (i.e. the solar power plant for the Kuala Muda Project)

BGMC Bras Power has engaged EPCC Contractor and other contractors to construct the Solar Farm. Upon signing the Deed of Arrangement on 24 March 2022, it is estimated that additional funds of approximately RM42.5 million would be required to pay the following for completing construction of Solar Farm of Kuala Muda Project which will be financed by reNIKOLA: (i) BGMC Bras Power was indebted to EPCC Contractor (as construction contractor engaged by BGMC Bras Power for the Kuala Muda Project) in the amount of RM1.6 million and the remaining progressive payment to EPCC Contractor which is expected to be approximately RM21.7 million; and (ii) RM11.7 million payable to contractors other than the EPCC Contractor, plus (iii) other expenses of RM7.5 million. BGMC Bras Power may be able to claim delay compensation from its EPCC Contractor, in respect of which EPCC Contractor is proposing exemption on the ground of force majeure. Accordingly, exact amount of delay compensation (if any) payable by EPCC Contractor to BGMC Bras Power is uncertain and subject to EPCC Contractor's counter argument.

Status of Kuala Muda Project

As of the date of this announcement, the Solar Farm has achieved the initial operation date on 13 January 2022 and Commercial Operation Date on 22 March 2022. While the Commercial Operation Date has been achieved, the Solar Farm will still require further construction. During the testing period (i.e. the period between initial operation date and the Commercial Operation Date), BGMC Bras Power is entitled to charge the electricity supply at a rate of RM0.08/kwh.

In respect of Kuala Muda Project, BGMC Bras Power has entered into the following key project contracts:

- (1) Power Purchase Agreement
- (2) Lease agreement dated 29 March 2019 between BGMC Bras Power and Kuala Muda Estate Sdn Bhd with respect to lease of the land upon which Kuala Muda Project was undertaken
- (3) Engineering, procurement, construction and commissioning contract dated 31 May 2019 between BGMC Bras Power, and the consortium of contractors in respect of engagement of EPCC Contractor for construction of Solar Farm
- (4) Operation, maintenance & management services agreement dated 31 May 2019 between BGMC Bras Power and Sparks Energy Sdn Bhd, in respect of engagement of Sparks Energy Sdn Bhd as operation, maintenance and management services company of Kuala Muda Project. This agreement has been terminated prior to the date of this announcement

- (5) Subscription Agreement for the unrated sukuk with Spark Energy 1 which in turn entered into the financing agreement with respect to OCBC Bridging Loan.

All the above agreements are entered into by BGMC Bras Power without any other member of BGMC Group involved as contracting party. As such, after Completion, BGMC Group no longer bear any responsibility under the aforesaid project contracts.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Directors are of the view that the Agreements are in the interest of BGMC and Shareholders as a whole. In particular, for the reasons set out in paragraphs (a) to (e) below, the Board was of the view that the BGMC Group is facing imminent default risk of Bras Power Sukuk Bond and the Power Purchase Agreement, and the BGMC Group does not have financial capability to further proceed with the Kuala Muda Project.

Further, for the reasons set out in paragraphs (f) to (j) below, the BGMC Group will be entitled to recoup its investment in the Machang Project and the Kuala Muda Project and intends to repay the amount due to Sparks Energy 1, which will improve the cashflow and gearing ratio of BGMC Group. Meanwhile, the terms of Agreements are also beneficial to the Company based on the Draft Valuation Report as set out below.

(a) Repayment of Bras Power Sukuk Bond

As disclosed in the 2020 Circular, BGMC Group and JV Partners set up the JV Company and engaged the JV Company's indirect wholly-owned subsidiary as the management services company of Kuala Muda Project. Sparks Energy 1 is an indirect wholly-owned subsidiary of Sparks Energy (i.e. the JV Company) through which the JV Company provided funding to BGMC Bras Power.

Since the Kuala Muda Project commenced, the principal source of financing came from:

- (1) Sparks Energy 1's payment of RM89.3 million (via subscription for RPS) to BGMC Corporation, which in turn utilized the said amount to make injection of RM89.3 million (via subscription for the Existing RCPS) into BGMC Bras Power. According to the DPI Loan Agreement dated 17 July 2019 between BGMC (as borrower) and DPI Solar 1 (as lender), DPI Solar 1 shall make a loan of USD14.46 million which consists of (1) USD5.36 million for funding BGMC Group's subscription for Land Companies RCPS, and (2) USD9.1 million (approximately RM39.9 million) for BGMC Group's financial contribution to the agreed portion of capital commitment in the JV Company. However, only portion (1) was advanced by DPI Solar 1, while portion (2) was not advanced by DPI Solar 1. As such, BGMC Group did not make financial contribution to the agreed portion of the capital commitment in the JV Company. Due to inability to satisfy capital call since incorporation of JV Company and up to current, BGMC Group only holds 451 ordinary shares out of the total issued ordinary shares of 17,628,379,817 (i.e. a shareholding of approximately 0.0000026%) as at the date of this announcement. Funding in this regard were initially sourced from other JV Partners.
- (2) Sparks Energy 1's advances of RM176,555.49 (i.e. the Existing Payable) to BGMC Bras Power. Upon Completion, reNIKOLA will procure repayment of the said advances to Sparks Energy 1.

- (3) Sparks Energy 1 has borrowed OCBC Bridging Loan in 2019 and utilized part of the loan proceeds for injection of RM72.4 million (via issuing Bras Power Sukuk Bond) to BGMC Bras Power. BGMC Bras Power does not intend to further increase the amount of Bras Power Sukuk Bond, and intends to utilize the reNIKOLA Advance Amount to finance the operation before Completion. After Completion, reNIKOLA will be responsible for financing the Kuala Muda Project. Initially, the JV Partners planned to refinance the OCBC Bridging Loan with initial maturity term of 12 months with other financing of longer repayment tenure. However, due to disagreement among JV Partners and unforeseen difficulty in obtaining financing after COVID-19 breakout, the OCBC Bridging Loan has not been refinanced and upon latest extension, RM24.3 million, RM4.1 million and RM10.9 million of the Bras Power Sukuk Bond are due in May, June and July 2022. As at the date of this announcement, BGMC Corporation utilized the advance payment received from reNIKOLA as a shareholder advance to BGMC Bras Power. BGMC Bras Power had then utilised these shareholder advances to settle the Bras Power Sukuk Bond which were due on 11 May 2022 and 10 June 2022. It is expected that each of approval from OCBC Bank, Energy Commission of Malaysia and TNB will be obtained by 15 July 2022.

While the Commercial Operation Date on 22 March 2022 signifies a milestone upon which BGMC Bras Power would be able to collect electricity supply fee, the periodic payment would not be sufficient to repay RM24.3 million, RM4.1 million and RM10.9 million which are due in May, June, July 2022. Further, withdrawal of electricity sales revenue is not allowed without permission of OCBC Bank before settlement of OCBC Bridging Loan. The maturity dates of all the different tranches of Bras Power Sukuk Bonds are set out on page 6 in this announcement.

Upon signing the Agreements, reNIKOLA will arrange for progressive repayment or refinancing of the Bras Power Sukuk Bond which will avoid BGMC Bras Power's default of the Bras Power Sukuk Bond.

(b) Additional bank guarantee of RM7.56 million requested by TNB

The Solar Farm was initially expected to achieve the Commercial Operation Date on 30 September 2020. However, the construction experienced delay and cost-overrun due to outbreak of COVID-19. Since BGMC Bras Power has experienced delay in the completion of the Solar Farm construction and hence was required to pay additional bank guarantee in the amount of RM7.56 million as performance bond for possible delay compensation for the period from 21 June 2021 to 28 February 2022 which was required by TNB under the Power Purchase Agreement, the non-settlement of which will entitle TNB to terminate the Power Purchase Agreement of Kuala Muda Project, while further bank guarantee for delay compensation may be payable starting from 1 March 2022 at a rate of RM30,000 per day.

(c) Inability to finance completion and ongoing operation of Solar Farm

While Commercial Operation Date has been achieved on 22 March 2022 and signifies a milestone upon which the Solar Farm can start to generate electricity, nevertheless, additional construction work for Solar Farm would still be required after the Commercial Operation Date. Upon signing the Deed of Arrangement on 24 March 2022, it is estimated that additional funds of approximately RM42.5 million would be required for completing construction of Solar Farm of Kuala Muda Project.

In addition to the development costs of Solar Farm, BGMC Bras Power as the project company would need to pay management services fee to the management services company (i.e. Sparks Energy Sdn Bhd) for a total of approximately RM65.5 million as well as other operating costs during the 21-year period.

Even though BGMC Bras Power is able to charge electricity supply starting from Commercial Operation Date on 22 March 2022, the payment schedule under the Power Purchase Agreement would need to be utilized to first repay the Bras Power Sukuk Bond of RM72.4 million. This unrated sukuk bond was issued by BGMC Bras Power to Sparks Energy 1, the funds of which came from the OCBC Bridging Loan lent by OCBC Bank to Sparks Energy 1. As part of the security arrangement for the OCBC Bridging Loan, BGMC Bras Power had opened and maintained a proceeds account according to which BGMC Bras Power should deposit all the electricity sales revenue. The proceeds in this account act as a security for the OCBC Bridging Loan and therefore no withdrawals are allowed without the permission of OCBC Bank. As such, the electricity sales revenue would not be available for BGMC Bras Power before settlement of OCBC Bridging Loan.

(d) Settlement of dispute with JV Partners and JV Company

As referenced above, the failure to refinance the OCBC Bridging Loan which has been extended to 11 May 2022 pending OCBC Bank's approval for further extension, is partially due to disagreement among JV Partners. In particular, according to the JV Company Options Agreement, DPI Solar 1 (one of the JV Partners) requested BGMC to purchase the 10,736,430 put option shares held by DPI Solar 1 at a price of USD12,174,300. BGMC Group was unable to satisfy the said put option due to lack of funds. Such put option exercise claim was still outstanding and in dispute. It is expected that the dispute will be resolved as part of arrangement of the intended BGMC Corporation's Repayment to Sparks Energy 1. The arbitration proceeding in relation to the put option is ongoing as at the date of this announcement.

According to the DPI Loan Agreement dated 17 July 2019 between BGMC (as borrower) and DPI Solar 1 (as lender), DPI Solar 1 shall make a loan of USD14.46 million which consists of (1) USD5.36 million for funding BGMC Group's subscription for Land Companies RCPS, and (2) USD9.1 million (approximately RM39.9 million) for BGMC Group's financial contribution to the agreed portion of capital commitment in the JV Company. However, only portion (1) was advanced by DPI Solar 1, while portion (2) was not advanced by DPI Solar 1. As such, BGMC Group did not make financial contribution to the agreed portion of the capital commitment in the JV Company. Due to BGMC Group's inability to satisfy capital call, BGMC Group only holds 451 paid-up ordinary shares out of the total issued ordinary shares of 17,628,379,817 in the JV Company (i.e. approximately 0.0000026%) as at the date of this announcement. Going forward, BGMC Group does not intend to be further involved in the JV Company's future business or operation.

It is expected that BGMC Group will propose a settlement offer to conclude the potential claim against BGMC Group for failure to contribute to the JV Company, and the ongoing arbitration of put option claim by DPI Solar 1 against BGMC Group as part of arrangement of the intended BGMC Corporation's Repayment to Sparks Energy 1.

(e) Financial difficulties to further proceed

BGMC has been in financial difficulties as it recorded net loss of RM65.2 million, RM193.5 million and RM53.1 million during the twelve months ended 30 September 2021, 2020 and 2019 respectively. BGMC does not have sufficient cash resources to make fund injection into BGMC Bras Power. According to the latest interim report, BGMC had cash and bank balances of only RM52.8 million as at 30 September 2021.

(f) Land Companies' redemption of Land Companies RCPS held by the Group

Upon Completion, the Land Companies will pay BGMC Group in an aggregate amount of RM8,175,518.63 (comprising the outstanding Land Company RCPS in the amount of RM5,694,797.88 and other indebtedness in the amount of RM2,480,720.75). Such amount will replenish the BGMC Group's cashflow.

(g) BGMC Corporation will be able to repay RM89,300,000 to Sparks Energy 1

Initially, BGMC Corporation's financial contribution (by way of subscription for RCPS) into BGMC Bras Power was wholly funded by the financial assistance (by way of subscription for RPS) from Sparks Energy 1. BGMC Corporation intends to repay the indebtedness of RM89,300,000 to Sparks Energy 1.

Upon Completion and with reNIKOLA's financial contribution under the Deed of Arrangement, BGMC Corporation will be able to fully settle the amount owed to Sparks Energy 1, and improve the overall gearing of BGMC Group.

(h) BGMC Group will be relieved from further financial input obligations

Upon Completion but prior to exercise of Options, BGMC Corporation will remain as a registered owner of the 95% ordinary shares of BGMC Bras Power, subject to the terms and conditions of exercise of the Options Agreement. Nevertheless, upon Completion, reNIKOLA as owner of New RPS of BGMC Bras Power (whose 95% ordinary shares are held by BGMC Group) would assume BGMC Bras Power's liability incurred prior to Completion. After Completion, the BGMC Group will no longer be obliged to make any further financial contribution towards BGMC Bras Power's settlement of bank guarantee and/or delay compensation payable to TNB and/or indebtedness to Sparks Energy 1, and/or payment to EPCC Contractor and/or any further capital investment for the further implementation of Kuala Muda Project, which will improve the BGMC Group's overall financial position.

(i) Fair disposal terms from reNIKOLA

Please refer to the section headed "Basis of Consideration and the Preliminary Valuation of BGMC Bras Power" below.

(j) Reasons for and benefit of Options Agreement

According to the Deed of Arrangement and Shareholders' Agreement, BGMC will lose management control and economic interest in BGMC Bras Power upon Completion whereby reNIKOLA will provide financial assistance for completing the Solar Farm. However, BGMC Group will remain as registered owner of 95% ordinary shares in BGMC Bras Power pending the exercise of Options. BGMC Group will only receive RM10.45 million upon exercise of Options during the Option Period (i.e. at any time prior to the expiry of the Power Purchase Agreement but not earlier than the 5th anniversary from the Commercial Operation Date on 22 March 2022).

Such arrangement is because the exercise of Options and effecting share transfer of ordinary shares in BGMC Bras Power is subject to the approval by Energy Commission of Malaysia. The exercise of either Put Option or Call Option is expected to be at least five years after the Commercial Operation Date on 22 March 2022 because, according to the provisions set out in the Guidelines on Large Scale Solar Photovoltaic Plant for Connection to Electricity Networks (Version 2) issued by the Energy Commission of Malaysia on 17 February 2017 and the requirements stipulated in the Request For Proposal for large-scale solar photovoltaic plants issued by the Energy Commission of Malaysia on 20 February 2017, which provide that once a concession award has been granted, there can be no change in the shareholding structure of the project owners to whom the concession projects are awarded within a period of five years from the Commercial Operation Date of the solar projects.

BASIS OF CONSIDERATION AND THE PRELIMINARY VALUATION OF BGMC BRAS POWER

1. The preliminary valuation of 95% equity interest in BGMC Bras Power (after deducting liability pertaining to BGMC Bras Power) is zero, based on the preliminary draft valuation report (the “**Draft Valuation Report**”) of BGMC Bras Power as of 31 December 2021 prepared by the Independent Valuer in accordance with the income approach. In preparing the preliminary Draft Valuation Report of BGMC Bras Power, the Independent Valuer has applied the discounted cash flow method under income-based approach applying certain assumptions. Based on the maximum electricity supply of 68,605.32 MWH and the energy payment rate of RM0.38/KWH, BGMC Bras Power’s energy payment is up to approximately RM26.1 million per year. However, such maximum electricity supply revenue is expected to decrease year by year due to degradation of the Solar Farm. In reaching the valuation, the Independent Valuer also took into account the deduction of cost of sales which mainly included the management services fee payable to the management services company in the amount of approximately RM65.5 million in total up to the expiry of the 21-year term, the on-balance sheet debt of approximately RM160.4 million which mainly includes the Existing RCPS repayable in the amount of RM89.3 million and Bras Power Sukuk Bond repayable and other liabilities in the amount of approximately RM71.1 million. The estimated outstanding capital expenditure payable in the amount of approximately RM42.5 million. After further adjustments for marketability discount and non-operating liabilities, the total discounted free cash flow recovered from the Solar Farm is less than the surplus debt as owed by BGMC Bras Power such that the calculation has yielded a negative amount of equity value, indicating the opinion of value on 95% equity interest in BGMC Bras Power is zero.
2. As the Draft Valuation Report, in its final form (the “**Final Valuation Report**”), will involve profit forecast under rule 14.61 of the Listing Rules, BGMC will comply with rule 14.62 of the Listing Rules in the circular to be despatched to the Shareholders. The Directors confirm that they have made the forecast after due and careful enquiry. BGMC will also include a copy of the Final Valuation Report in the circular to be despatched to Shareholders.

FINANCIAL EFFECT OF THE AGREEMENTS

As at the date of this announcement, BGMC Bras Power is a non-wholly owned subsidiary of BGMC, which has an unaudited net asset value of approximately RM89.4 million as at 30 September 2021.

Upon Completion, BGMC Bras Power will cease to be a subsidiary of BGMC and the financial results of BGMC Bras Power will no longer be consolidated as permitted by IFRS 10. This is due to:

- i) reNIKOLA is entitled to receive a cumulative preferential cash dividend (up to 1,000% of the aggregate paid up New RPS) out of profits available for distribution of BGMC Bras Power in respect of each financial year;
- ii) the board of the BGMC Bras Power shall comprise of a minimum of three (3) and a maximum of five (5) Directors all to be nominated by reNIKOLA; and
- iii) the board of the BGMC Bras Power nominated by reNIKOLA shall be responsible for supervising the activities including determining the overall policies and objectives.

The BGMC Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. As BGMC Corporation does not have the ability to direct the operating and financing activities of BGMC Bras Power which will significantly affect its return, furthermore all the return will belong to reNIKOLA in view of the preferential cash dividend, of up to 1,000% of the aggregate paid up New RPS. Thus, despite BGMC Corporation remains as holder of ordinary shares, BGMC Corporation is not having the substantive control rights, and all returns throughout the concession period will flow to reNIKOLA as New RPS holders.

BGMC currently expects to record a gain of RM7.6 million on the disposal. Such gain is calculated by reference to (i) the Option Price to be received by BGMC Group of approximately RM8.49 million (RM10.45 million to be received in 5 years and discounted at a discount rate of 4.25%); (ii) the estimated transaction costs and professional expenses incurred for the Transaction of approximately RM1.0 million; (iii) the unaudited net asset values of BGMC Bras Power of approximately RM89.4 million as at 30 September 2021 attributable to the 95% equity interest in BGMC Bras Power; (iv) the repayment of RM89.3 million from BGMC Bras Power to BGMC Corporation by redemption of the Existing RCPS held by BGMC Corporation and (v) the repayment of Existing Payable owed by BGMC Bras Power to Sparks Energy 1 in the amount of RM176,555.49.

The actual gain or loss arising from the disposal may be different from the above and shall be subject to the review by the Company's auditors and determined based on the amount of the net assets/liabilities (as the case may be) of BGMC Bras Power as at the Completion Date and the amount of expenses incidental to the proposed disposal of interest in 95% ordinary shares in BGMC Bras Power to reNIKOLA.

Separately, as disclosed in the interim report of the Company for the twelve months ended 30 September 2021 dated 30 November 2021, the BGMC Group's investment in redeemable convertible preference shares amounted to approximately RM5.7 million as at 30 September 2021. Pursuant to the deed of arrangement between reNIKOLA and the respective shareholder of Land Companies, the investment in redeemable convertible preference shares held by BGMC Group will be fully redeemed in the amount of RM5.7 million by the Land Companies upon Completion. Also, the Land Companies will repay the outstanding indebtedness of RM2.5 million as at 30 September 2021 to BGMC Group upon Completion.

Shareholders should note that the financial effects set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements upon Completion with reference to, among other things, the actual costs and expenses associated with the Transaction, and is subject to audit.

USE OF PROCEEDS

- (a) reNIKOLA will pay RM89,300,000 to BGMC Bras Power which will in turn pay the same amount to BGMC Corporation. BGMC Corporation intends to settle the RPS amounting to RM89,300,000 issued to Sparks Energy 1. reNIKOLA will also procure for BGMC Bras Power's repayment of Existing Payable of RM176,555.49 to Sparks Energy 1.
- (b) reNIKOLA will pay advance payment of approximately RM49.9 million to BGMC Corporation which shall then make advance of RM49.9 million to BGMC Bras Power for the purpose of (i) fulfilling the terms and conditions under the Power Purchase Agreement; (ii) paying the contractors of BGMC Bras Power and (iii) paying the sums due and payable by BGMC Bras Power under Bras Power Sukuk Bond. These two advances were initially RM19.0 million and subsequently increased to RM49.9 million under the Supplemental reNIKOLA Advance Agreement and the Supplemental BGMC Corporation Advance Agreement both dated 13 May 2022.
- (c) The Option Price of RM10.45 million to be received by the BGMC Group under the Options Agreement is expected to be used for general working capital.

INFORMATION ON BGMC BRAS POWER

BGMC Bras Power was set up as single project company for Kuala Muda Project. The following table sets out the summary of the financial information of BGMC Bras Power for each of the three years ended 30 September 2019, 30 September 2020 and 30 September 2021:

	For the years ended 30 September		
	2019 (RM million) (Audited)	2020 (RM million) (Audited)	2021 (RM million) (Unaudited)
Net profit/(loss) before tax	0.31	3.21	(3.55)
Net profit/(loss) after tax	0.32	3.18	(3.57)

	As at 30 September		
	2019 (RM million) (Audited)	2020 (RM million) (Audited)	2021 (RM million) (Unaudited)
Total assets	38.4	138.3	177.1
Net assets	0.6	35.4	89.4

During the year ended 30 September 2021 and 30 September 2020, BGMC Bras Power as project company of Kuala Muda Project which has not commenced operation and did not generate cash inflow. While BGMC Bras Power recognized RM111.1 million and RM36.0 million as revenue during the year ended 30 September 2020 and 2021 respectively, such revenue was accounted as recognition for the construction of solar power plant in progress. Pursuant to the Power Purchase Agreement, BGMC Bras Power would only be entitled to energy payments from TNB but not recovery of the construction costs incurred for building the solar power plant for Kuala Muda Project.

INFORMATION ON BGMC GROUP AND RENIKOLA

The BGMC Group is a full-fledged, integrated solutions provider in the construction service sector. Construction service sector principally engaged in the provision of a wide range of construction services in Malaysia, such as building and structural construction works, mechanical and electrical installation works, earthwork and infrastructure construction works as well as energy infrastructure works.

reNIKOLA is a private limited company incorporated in Malaysia on 24 April 2020 and is one of the leading renewable energy producers in Malaysia. reNIKOLA group of companies currently has solar assets with total capacity of 88.0 MWp and 375 MWp under development. reNIKOLA's current shareholders are YAM Tengku Zaiton Ibni Sultan Abu Bakar and Boumhidi Abdelali holding RM1.0 million ordinary shares in reNIKOLA and Ciruela Sdn Bhd holding RM45.5 million redeemable preference shares in reNIKOLA. reNIKOLA's directors are YAM Tengku Zaiton Ibni Sultan Abu Bakar, Boumhidi Abdelali, Lim Beng Guan and Khong Ho Ming.

Based on the best of the Directors' information, knowledge and belief, reNIKOLA, and its ultimate beneficial owner are third parties independent of BGMC and connected persons of BGMC.

BUSINESS OF BGMC GROUP AFTER COMPLETION

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

- (i) Construction Services (comprising the Building and Structure segment, Energy Infrastructure segment, Mechanical and Electrical segment, and Earthworks and Infrastructure segment), which undertakes primarily construction service contracts of length not exceeding five years; and
- (ii) Concession and Maintenance, which undertakes Public Private Partnership contracts of duration more than 20 years. This sector comprises Kuala Muda Project prior to the Completion.

After Completion, BGMC will continue to operate the construction service segment, while the concession and maintenance segment will have no further contributions to BGMC. BGMC will nevertheless be open to explore and procure new concession and maintenance contract if opportunity arises.

As of 31 January 2022, BGMC has a total remaining orderbook of approximately RM375.95 million, of which the following three major construction projects are targeted to be completed by 2H2023 considering the disruption caused by the COVID-19 pandemic. With the cashflow arising from the transactions contemplated under the Agreements, BGMC will strive to be more active in procuring construction related contracts.

Project name and description	Remaining contract value (RM'000)
The Sky Seputeh: Construction of two blocks of 37-storey towers comprising 290 units of apartments, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	106,558
Bangsar 61: Construction and completion of earthworks, basement parking and associated works for a four-storey basement car park at Bangsar, Kuala Lumpur, Malaysia.	183,779
Setia Spice: Construction of a 26-storey building with a 19-storey hotel tower (453 rooms), a three-storey car park and four-storey hotel facilities, plus a two-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.	36,077
Total:	<u>326,414</u>

IMPLICATIONS UNDER THE LISTING RULES

Given that the Agreements were all entered into or will be entered into upon Completion by the BGMC Group for the purpose of disposing of its interest in BGMC Bras Power to reNIKOLA, the Agreements and the transactions contemplated thereunder are to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Agreements and transactions contemplated thereunder is more than 75%, the Agreements and transactions contemplated thereunder constitute a very substantial disposal for BGMC under the Listing Rules and is subject to announcement, reporting and shareholders' approval requirements under the Listing Rules.

The Agreements are part and parcel for reNIKOLA's proposed acquisition of interest in 95% equity interest in BGMC Bras Power from BGMC Group and shall be considered as a whole subject to shareholders' approval. To facilitate the financing of Kuala Muda Project before Completion, reNIKOLA will make the full advance of RM49.9 million to BGMC Group prior to Completion under the reNIKOLA Advance Agreement (supplemented by the Supplemental reNIKOLA Advance Agreement). Such advance is provided based on the reNIKOLA Advance Agreement, which when entered into by BGMC Group on standalone basis, is not subject to shareholder's approval. However, as the transaction should be considered as a whole, in case the Completion fails to materialize for reason such as failure to fulfil conditions precedent set out in Deed of Arrangement, BGMC Group would be required to repay the advance amount of RM49.9 million to reNIKOLA, failing which reNIKOLA is entitled to enforce the security arrangement to become the new holder of Existing RCPS which is currently held by BGMC Corporation.

GENERAL

BGMC will convene an EGM to approve the Agreements and the transactions contemplated thereunder. A circular containing, among other things, further information relating to the Agreements and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 September 2022, which is more than 15 business days after the date of this announcement as additional time will be required to prepare the circular.

Completion is conditional upon the satisfaction of the conditions set out in the paragraph headed "Deed of Arrangement – Conditions Precedent to Completion" in this announcement. Accordingly, the Completion may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of BGMC.

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.

DEFINITIONS

“Agreements”	collectively, the Deed of Arrangement, reNIKOLA Advance Agreement, Supplemental reNIKOLA Advance Agreement, BGMC Corporation Advance Agreement, Supplemental BGMC Corporation Advance Agreement, the Subscription Agreement, the Shareholders’ Agreement, the Options Agreement
“BGMC” or “Company”	BGMC International Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1693)
“BGMC Group”	BGMC and its subsidiaries
“BGMC Bras Power”	BGMC Bras Power Sdn Bhd, a company incorporated in Malaysia under the Companies Act 2016 with limited liability which is a directly owned subsidiary of BGMC Corporation
“BGMC Corporation”	BGMC Corporation Sdn Bhd, an indirect wholly-owned subsidiary of the Company
“BGMC Corporation Advance Agreement”	the advance agreement dated 24 March 2022 (supplemented by Supplemental BGMC Corporation Advance Agreement) entered into between BGMC Corporation and BGMC Bras Power, details of which are set out in the section headed “BGMC Corporation Advance Agreement”
“BGMC Corporation’s Repayment to Sparks Energy 1”	BGMC Corporation’s intended repayment of RM89,300,000 to Sparks Energy 1
“BGMC Energy”	BGMC Energy Sdn Bhd, an indirect wholly-owned subsidiary of BGMC
“BGMC Holdings”	BGMC Holdings Berhad (formerly known as BGMC Holdings Sdn Bhd and BGMC Builder Sdn Bhd), an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Bras Power Sukuk Bond”	The sukuk bond programme (i.e. the Islamic medium term notes based on the Shariah principle of Murabahah (via Tawarruq arrangement)) through which Sparks Energy 1 utilized the OCBC Bridging Loan to finance BGMC Bras Power’s construction cost of Kuala Muda Project
“Bras Ventures”	Bras Ventures Bhd, a company incorporated in Malaysia with limited liability

“Call Option”	has the meaning ascribed to it under Options Agreement
“Commercial Operation Date”	22 March 2022
“Completion”	completion of the transactions contemplated under the Deed of Arrangement
“Completion Date”	the date that Completion occurs in accordance with Deed of Arrangement, which shall be fourteen (14) days from the day following all the conditions precedent as set forth in the Power Purchase Agreement having been satisfied or waived, or such other date and time as agreed by the parties in writing
“COVID-19”	coronavirus disease 2019
“Deed of Arrangement”	the deed of arrangement entered into between BGMC Corporation and reNIKOLA, details of which are set out in the section headed “Deed of Arrangement”
“Director(s)”	the director(s) of the Company
“DPI Loan Agreement”	the loan agreement dated 17 July 2019 and entered into between DPI Solar 1 as lender and BGMC as borrower for a loan amount of USD14,463,196.00
“DPI Solar 1”	DPI Solar 1 Pte. Ltd., a company incorporated in Singapore with limited liability
“Draft Valuation Report”	the preliminary draft valuation report of BGMC Bras Power as of 31 December 2021 prepared by the Independent Valuer in accordance with the income approach
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreements and transactions contemplated under the Agreements
“EPCC Contractor”	the construction contractor engaged by BGMC Bras Power for the Kuala Muda Project
“Existing RCPS”	the 89,300,000 RCPS issued to BGMC Corporation by BGMC Bras Power, each of which being fully paid up
“Existing Payable”	amount payable by BGMC Bras Power to Sparks Energy 1
“Extended Longstop Date”	two months from the end of the Longstop Date

“Final Valuation Report”	the Draft Valuation Report in its final form
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Valuer”	Valplus Consulting Limited
“JV Company” or “Sparks Energy”	Sparks Energy International Limited, a joint venture company established in the Cayman Islands with limited liability on 16 October 2018
“JV Company Options Agreement”	the call and put option agreement dated 29 August 2019 entered into between BGMC Energy, BGMC, DPI Solar 1 and the JV Company pursuant to which DPI Solar 1 is entitled to exercise a put option and require BGMC to purchase from 45.1% to up to 50.1% of the 21.43 million preference shares of USD1.00 per share of the JV Company being held by DPI Solar 1
“JV Partners”	shareholders of the JV Company other than BGMC Group, being DPI Solar 1, Hasilwan Solar Sdn Bhd, AD Solar Pte. Ltd., BV Energy Sdn Bhd and IDIQA Energy Sdn Bhd
“KME DOA”	the deed of arrangement entered into between the ordinary shareholder of Kuala Muda Estate Sdn Bhd and reNIKOLA in relation to the acquisition of 100% equity interest in Kuala Muda Estate Sdn Bhd
“Kuala Muda Land Company” or “KME”	Kuala Muda Estate Sdn Bhd
“Kuala Muda Project”	the design, construction, operation and maintenance of the Solar Farm to generate and deliver solar photovoltaic electricity to TNB
“Land Companies”	collectively, Kuala Muda Estate Sdn Bhd, Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd, all being companies incorporated in Malaysia with limited liability
“Land Companies Deed of Arrangement”	the deed of arrangement entered into between the Land Companies and reNIKOLA respectively
“Letter of Award”	the letter of award dated 23 April 2018 issued by the Energy Commission of Malaysia to BGMC Bras Power regarding the development of Kuala Muda Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longstop Date”	Three months from the date of the Deed of Arrangement or such other date as agreed in writing by the parties to the Deed of Arrangement.
"Machang DOA "	the deed of arrangement entered into between the ordinary shareholder of Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd and reNIKOLA in relation to the acquisition of 100% equity interest in Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd
“Machang Project”	the development of a 30MW a.c. solar photovoltaic energy producing power plant, with a peak installed capacity of the photovoltaic modules of not less than 45.00 megawatt peak and the maximum annual allowable quantity be capped at 89,929.10 megawatt per hour, on a piece of land held under Geran 25516, Lot 4, Mukim Kuala Kerak, Daerah Jajahan Machang in the state of Kelantan
“Machang Project Land Company”	Machang Estate Sdn Bhd and Machang Estate (II) Sdn Bhd, both being companies incorporated in Malaysia with limited liability
“Material Adverse Change”	<p>means any change, circumstance, effect, event or occurrence that individually or in the aggregate, is or would reasonably be expected to:</p> <ul style="list-style-type: none"> (a) have a material adverse effect on the assets, liabilities, business, financial condition, properties or results of operations of BGMC Bras Power which results in a reduction in the actual or expected net assets or revenue of BGMC Bras Power of a value equivalent to ten percent (10%) or more of the consideration (i.e. RM89,476,555.49); (b) prevent or materially impede the ability of BGMC Corporation or reNIKOLA to perform its obligations under Deed of Arrangement, or to consummate the Transaction; or (c) result in an arrest or prosecution against BGMC Corporation due to breach of criminal laws, <p>but shall not include any matter or consequence arising from the Relevant Legal Proceedings (as defined in the Deed of Arrangement) or any change in economic conditions or financial market conditions (whether relating to equity, debt or currencies or otherwise) or the occurrence of any natural disasters, pandemics and acts of terrorism which affect the supply chain or consumption market, except in the event of any substantial damage or destruction to or loss of the physical properties of BGMC Bras Power or Kuala Muda Project or a substantial delay to the Commercial Operation Date of the Kuala Muda Project of which extension of time free from liquidated damages is not granted by TNB under the Power Purchase Agreement;</p>

“New RPS”	the 89,300,000 redeemable preference shares to be issued by BGMC Bras Power and subscribed by reNIKOLA
“OCBC Bank”	OCBC Bank (Malaysia) Berhad
“OCBC Bridging Loan”	the loan advanced by OCBC Bank to Sparks Energy 1 which was utilized to finance the Bras Power Sukuk Bond to provide funding to the Kuala Muda Project and Machang Project
“Option Period”	the period in which BGMC Corporation or reNIKOLA may exercise the option under the Options Agreement, details of which are set out in the section headed “Options Agreement”
“Option Premium”	the option premium to be paid by BGMC Corporation to reNIKOLA and by reNIKOLA to BGMC Corporation on the date of the Options Agreement, details of which are set out in the section headed “Options Agreement”
“Option Price”	the option price to be paid by reNIKOLA to BGMC Corporation upon exercise of the Call Option granted by BGMC Corporation to reNIKOLA or the Put Option granted by reNIKOLA to BGMC Corporation under the Options Agreement, details of which are set out in the section headed “Options Agreement”
“Option Shares”	95% of the entire issued ordinary share capital of BGMC Bras Power
“Options”	collectively the Call Option and the Put Option
“Options Agreement”	the options agreement to be entered into between BGMC Corporation and reNIKOLA, details of which are set out in the section headed “Options Agreement”
“percentage ratio”	has the meaning given to it under Rule 14.07 of the Listing Rules
“Power Purchase Agreement”	the power purchase agreement dated 27 March 2018 entered into between BGMC Bras Power and TNB
“Put Option”	has the meaning ascribed to it under Options Agreement
“RCPS”	redeemable convertible preference shares
“Redemption Sum”	the redemption sum of RM89,300,000 to be paid by BGMC Bras Power to BGMC Corporation for redemption of the Existing RCPS

“reNIKOLA”	reNIKOLA Sdn Bhd, a company incorporated in Malaysia with limited liability, which is an independent third party, together with reNIKOLA’s nominated party for signing the Agreements
“reNIKOLA Advance Agreement”	the advance agreement dated 24 March 2022 (supplemented by Supplemental reNIKOLA Advance Agreement) entered into between reNIKOLA and BGMC Corporation, details of which are set out in the section headed “reNIKOLA Advance Agreement”
“reNIKOLA Group”	reNIKOLA and its subsidiaries
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“RPS”	redeemable preference shares issued by BGMC Corporation to Sparks Energy 1 in the amount of RM89.3 million
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of BGMC
“Shareholders’ Agreement”	the amended and restated shareholders’ agreement to be entered into among BGMC Bras Power, BGMC Corporation, reNIKOLA and Bras Ventures, details of which are set out in the section headed “Shareholders’ Agreement”
“Solar Farm”	the ground-mounted solar project located on part of the piece of land held under Geran 33590, Lot 3222 located in Mukim of Sungai Petani, District of Kuala Muda, State of Kedah
“Sparks Energy 1”	Sparks Energy 1 Sdn Bhd, a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the JV Company
“Sparks Energy 1 Subscription Agreement”	the subscription agreement dated 29 August 2019 and entered into between BGMC Corporation and Sparks Energy 1 in relation to the subscription by Sparks Energy 1 of the redeemable preference shares to be issued by BGMC Corporation at a consideration of RM86.0 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	Subscription to the New RPS
“Subscription Agreement”	the subscription agreement set out in the section headed “Subscription Agreement”

“Subscription Price”	the subscription price of RM89,300,000 to be paid by reNIKOLA to subscribe for New RPS in BGMC Bras Power as per the Deed of Arrangement
“Sukuk Murabahah Programme”	the Islamic medium term notes based on the Shariah principle of Murabahah (via Tawarruq arrangement) wherein BGMC Bras Power may issue Islamic medium term notes of up to Ringgit Malaysia One Hundred and Six Million (RM106,000,000.00) in nominal value under an Islamic medium term notes programme
“Supplemental BGMC Corporation Advance Agreement”	supplemental advance agreement dated 13 May 2022 to supplement the BGMC Corporation Advance Agreement
“Supplemental reNIKOLA Advance Agreement”	supplemental advance agreement dated 13 May 2022 to supplement the reNIKOLA Advance Agreement
“TNB”	Tenaga Nasional Berhad, being the Malaysian multinational electricity company and is the only electric utility company in Peninsular Malaysia
“Transaction”	as defined in “Deed of Arrangement – Subscription and Redemption of Existing RCPS”
“Total Consideration”	please refer to “Deed of Arrangement – Consideration”
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent
“2020 Circular”	the circular of the Company dated 27 April 2020

For and on behalf of
BGMC International Limited
Datuk Kamalul Arifin Bin Othman
Chairman and Independent Non-Executive Director

Malaysia, 27 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 (Chairman) and Datuk Kang Hua Keong as independent non-executive Directors.