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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)

**FULFILLMENT OF RESUMPTION GUIDANCE
AND
RESUMPTION OF TRADING**

This announcement is made by BGMC International Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) pursuant to rule 13.09 and rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to the announcements of the Company dated 29 January 2021 (the “**First Resumption Guidance Announcement**”) and dated 19 April 2022 (the “**Second Resumption Guidance Announcement**”) with respect to, among others, the resumption guidance (the “**Resumption Guidance**”), the quarterly update announcement of the Company dated 1 April 2021 (the “**First Quarterly Update Announcement**”), the quarterly update announcement of the Company dated 30 June 2021 (the “**Second Quarterly Update Announcement**”), the quarterly update announcement dated 30 September 2021 (the “**Third Quarterly Update Announcement**”), the quarterly update announcement of the Company dated 30 December 2021 (the “**Fourth Quarterly Update Announcement**”), the quarterly update announcement of the Company dated 30 March 2022 (the “**Fifth Quarterly Update Announcement**”) and the quarterly update announcement of the Company dated 5 July 2022 (the “**Sixth Quarterly Update Announcement**”, all the quarterly update announcement as “**Quarterly Update Announcements**”). Reference is also made to the consolidated financial statements for the period from 1 October 2020 to 31 March 2022 (“**FPE2022**”) in the 2022 annual report (the “**2022 Annual Report**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Quarterly Update Announcements unless the context otherwise requires.

BACKGROUND OF SUSPENSION OF TRADING IN THE SHARES

As disclosed in the First Resumption Guidance Announcement, ZHONGHUI ANDA CPA LIMITED (“ZH”, being the then auditors of the Company who resigned with effect from 28 December 2021) did not express an opinion on the consolidated financial statements of the Group for the year ended 30 September 2020 (“**Disclaimer of Opinion**”), while the basis for disclaimer of opinion (“**Basis for Disclaimer of Opinion**”) were (a) material uncertainty related to going concern, (b) provision for legal and professional fee and disclosure of contingent liabilities, (c) provision for performance bonds and impairment loss on trade receivables and contract assets, and (d) the effect of provision for liquidated ascertained damages (“**LAD**”), the details of which are set out on pages 88 to 89 of the 2020 annual report for the year ended 30 September 2020 (the “**2020 Annual Report**”). In light of the Disclaimer of Opinion and the Basis for Disclaimer of Opinion, the Stock Exchange has requested for trading suspension of the shares of the Company with effect from 9:00 a.m. on 4 January 2021.

As required under the Resumption Guidance, the Company shall (i) address the issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion in respect of such issues would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 13.50A (the “**Resumption Guidance I**”); and (ii) announce all material information for the Company’s shareholders and investors to appraise its position (the “**Resumption Guidance II**”).

As disclosed in the announcement of the Company dated 8 April 2022, Tan Sri Dato’ Seri Kong Cho Ha had tendered resignation as INED, and as a result thereof, the Company has not been in compliance with the requirements of: (i) a minimum of three INEDs and at least one-third of the Board under rule 3.10(1) and 3.10A of the Listing Rules; and (ii) a minimum of three members of the audit committee of the Board under rule 3.21 of the Listing Rules. In the circumstances, the Stock Exchange has added an additional Resumption Guidance for the Company, being re-compliance with rules 3.10(1), 3.10A and 3.21 of the Listing Rules (the “**Resumption Guidance III**”).

FULFILLMENT OF RESUMPTION GUIDANCE

Resumption Guidance

According to the Resumption Guidance as stated above, the Company must fulfill the following requirements to the satisfaction of the Listing Division of the Stock Exchange before the trading in Shares can resume:

- (i) address the issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion in respect of such issues would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 13.50A, i.e. the Resumption Guidance I;
- (ii) announce all material information for the Company’s shareholders and investors to appraise its position, i.e. the Resumption Guidance II; and

- (iii) re-comply with rules 3.10(1), 3.10A and 3.21 of the Listing Rules, i.e. the Resumption Guidance III.

Satisfaction of the Resumption Guidance

Resumption Guidance I

With respect to Resumption Guidance I (i.e. the Disclaimer of Opinion), the Company wishes to provide updates that the issues raised in the Basis for Disclaimer of Opinion have been resolved as follows:

- (a) As disclosed in the 2022 Annual Report, Moore Stephens CPA Limited, being the auditors (the “**Auditors**”) of the Company appointed on 5 January 2022, had included a paragraph of material uncertainty related to going concern in the auditor’s report for the financial statements of the Group for FPE2022. However, there was no modification of the Auditor’s opinion in respect of this material uncertainty. For details, please refer to page 89 of the 2022 Annual Report.

As disclosed on page 104 of 2022 Annual Report, the Directors of the Company have adopted the going concern basis in the preparation of the consolidated financial statements for FPE2022 based on the following:

- (i) Reference is made to the announcements of the Company dated 24 March 2022 and 27 June 2022 with respect to the Group’s proposed disposal (“**Bras Power Disposal**”) of BGMC Bras Power Sdn. Bhd. (“**BGMC Bras Power**”). BGMC Corporation Sdn. Bhd. (“**BGMC Corporation**”) has entered into the reNIKOLA Advance Agreement on 24 March 2022 and the Supplemental reNIKOLA Advance Agreement on 13 May 2022 (collectively known as “**Advance Agreements**”) with reNIKOLA Sdn. Bhd. (“**reNIKOLA**”), an independent third party, who will purchase interest in 95% ordinary shares in BGMC Bras Power, another indirect subsidiary of the Company (as disclosed in the Company’s announcement dated 27 June 2022). reNIKOLA shall advance a loan of RM49.9 million to BGMC Corporation for the sole purpose of BGMC Corporation advancing a loan of RM49.9 million to BGMC Bras Power to (i) fulfill the terms and conditions under the Power Purchase Agreement dated 27 March 2018 entered into between Tenaga Nasional Berhad and BGMC Bras Power; (ii) pay the contractors of BGMC Bras Power; and (iii) pay the sums due and payable by BGMC Bras Power under the sukuk bond programme. As of the date the consolidated financial statements have been authorised for issue, RM47.8 million has been advanced from reNIKOLA for the above purposes;
- (ii) a controlling shareholder has agreed to provide continuing financial support to the Group for at least twelve months from the date of the consolidated financial statements have been authorized for issue;

- (iii) repayment from customers amounting to RM26.2 million which were under dispute but settlement is expected to be received in the next twelve months (the said settlement schedule is based on the deed of settlement between the Group, Customer B and Customer C); and
- (iv) completion of the disposal of BGMC Bras Power to reNIKOLA.

Further, KAS Disposal and Debt Restructuring had brought the following positive impact on the financial performance of the Group:

- (v) Reference is made to the announcement of the Company dated 11 June 2021 with respect to the completion of disposal (“**KAS Disposal**”) of KAS Engineering Sdn. Bhd. (“**KAS Engineering**”). Upon publication of the 2020 Annual Report for the year ended 30 September 2020 (“**FY2020**”), the KAS Disposal at the consideration of RM93,787,000 has not been completed. The disposal of KAS Engineering was subsequently completed on 11 June 2021 during FPE2022. As disclosed on page 13 of the 2022 Annual Report, the Group repaid the bank borrowing amounting to RM59.3 million with the proceeds obtained from the KAS Disposal.
- (vi) Reference is made to the announcement of the Company dated 25 May 2021 with respect to the debt restructuring scheme (“**Debt Restructuring Scheme**”) of the Company’s principal subsidiary in Malaysia. The Debt Restructuring Scheme has been approved by the High Court on 20 January 2022, the Company has recorded a gain on extinguishment of debt amounting to RM46.1 million. With respect to the remaining reduced outstanding debt owed to creditors, 20% of which has been settled as of current, 80% of which amounting to RM47.9 million has now been converted into the Redeemable Secured Loan Stock (“**RSLs**”) which shall be redeemed by the Group within 3 years pursuant to the terms of the Debt Restructuring Scheme. As disclosed on page 13 of the 2022 Annual Report, the aforesaid amount of RM47.9 million RSLs has now been reclassified as non-current trade payable.

The proceeds generated from the KAS Disposal were utilized to repay all the Company’s bank borrowing except BGMC Bras Power. Net gearing ratio of the Company was recorded at 0.01 times as at 31 March 2022 as compared to 0.54 times as at 30 September 2020. The Company’s bankers have continued to provide the needed banking facilities for operation of the Group. As at 31 March 2022, the Group had total banking facilities amounting to approximately RM106.1 million (consisting of unutilized banking facilities amounting to approximately RM30.0 million as at 31 March 2022), as compared to banking facilities amounting to approximately RM106.3 million as at 30 September 2020 (consisting of unutilized banking facilities amounting to approximately RM27.5 million as at 30 September 2020). The figures of banking facilities as of 30 September 2020 and 31 March 2022 above exclude those banking facilities of BGMC Bras Power for comparison purpose.

Further, in addition to bank borrowings, reNIKOLA will make advances up to RM49.9 million to finance BGMC Bras Power’s operation prior to completion of Bras Power Disposal, RM47.8 million of which has been drawn down.

The Auditors have reviewed the cash flow forecast of the Company for the period from 1 April 2022 to 30 June 2023 and assessed the reasonableness of the assumptions' inputs and methodologies applied.

- (b) Upon publication of the 2020 Annual Report, ZH was unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the accuracy and completeness of provision for legal and professional fee and also interest of RM1.0 million for certain legal proceedings as at 30 September 2020. After the publication of the First Quarterly Update Announcement and as disclosed in the Second Quarterly Update Announcement, the Third Quarterly Update Announcement, the Fourth Quarterly Update Announcement and the Fifth Quarterly Update Announcement, the Group has continued to closely monitor the said proceedings and engage legal professionals to defend the cases. As the Debt Restructuring has been duly approved by the Court, all the legal proceedings against the Group for alleged debts and interest would be terminated/withdrawn and/or discontinued. In order to provide sufficient appropriate audit evidence as to the accuracy and completeness of provision for the legal and professional fees, as disclosed in the Third Quarterly Update Announcement, the Fourth Quarterly Update Announcement and the Fifth Quarterly Update Announcement, the Group has managed to negotiate and finalize the legal and professional fees with the professional parties involved for the legal proceedings.

As to the cases disclosed in Note 45 to the financial statements for FY2020, the background and latest status of the proceedings are as follows:

- (i) Proceeding (a)

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

BGMC Corporation had filed an interlocutory application to strike out the Plaintiffs’ case as well as a counterclaim against the Plaintiffs’ claiming for alleged additional liquidated ascertained damages absorbed in good faith and spirit of the full and final settlement agreement. The High Court has allowed BGMC Corporation’s application and struck out the Plaintiff’s writ and statement of claim. 13 Plaintiffs have appealed against the High Court’s decision to the Court of Appeal. On 25 August 2021, the Court of Appeal has unanimously dismissed the 13 Plaintiffs’ appeal and affirmed the High Court’s decision to strike out the Plaintiffs’ claims.

As to the counterclaim initiated by BGMC Corporation against the remaining Plaintiffs who did not appeal against the High Court’s decision (34 Plaintiffs in total) as disclosed above, BGMC Corporation has decided to withdraw.

As no claim or counterclaim is still pending as of current, the case is considered as closed. There was no settlement agreement between the Plaintiffs and BGMC Group.

(ii) Proceeding (b):

In the ordinary course of business, Built-Master Engineering Sdn. Bhd. (“**Built-Master Engineering**”), an indirect subsidiary of the Company, had awarded a sub-contract for electrical work to a third party in 2018. The said sub-contract was subsequently terminated by Built-Master Engineering due to breach of certain terms and conditions of the sub-contract on the part of the third party. The third party initiated a legal action against Built-Master Engineering claiming, amongst others, the balance payment of approximately RM733,000 and interest at 5% per annum from the date of the Writ, i.e. 21 March 2018 until the date of the full and final settlement on the basis that the termination was wrongful. Built-Master Engineering has entered their defence denying the claim and thereafter filed a counterclaim against the said third party. On 22 July 2020, the High Court of Malaysia granted judgment against Built-Master Engineering and dismissed Built-Master Engineering’s counterclaim. On 6 August 2020, Built-Master Engineering lodged appeal against the said judgment.

On 22 May 2021, Built-Master Engineering and the third party have entered into a settlement agreement to settle the judgment sum of RM764,000 payable in 9 instalments which is included in trade payables as at 31 March 2022. As settlement has been reached, Built-Master Engineering has withdrawn the appeal filed at the Court of Appeal with no order as to cost and no liberty to file afresh.

(iii) Proceeding (c):

Please refer to page 222 of the 2022 Annual Report for the status update for proceeding (c).

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

On 22 May 2020, Customer A served notices of termination dated 19 May 2022, terminating the construction engagement, alleging that the Group had delayed in completing the works under two contracts arising out of the same project. Customer A had sought to forfeit the Group’s two performance bonds in the amount of approximately RM25,800,000.

On 27 May 2020, the Group has filed for an application for an injunction in the Court against Customer A’s proposed forfeiture of performance bonds and has obtained an ad-interim injunction order dated 29 May 2020 against the forfeiture of the performance bonds by Customer A. On 16 April 2021, the High Court granted the Group the injunction order. Customer A filed an appeal at the Court of Appeal against the High Court order. In the case management hearing held on 11 August 2022, the court ordered the next court hearing to be held on 12 April 2023.

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

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

As at the date the consolidated financial statements have been authorised for issue, the arbitrations proceedings are still ongoing. The next preliminary meeting for the matter is 6 September 2022. The Malaysia legal advisor to the Group is in the opinion that the Group has a stronger case to persuade the arbitrator to rule the facts in the Group's favour in light of the High Court decision in the injunction application as the High Court granted the Group the injunction order against Customer A's proposed forfeiture of performance bonds. This is because in the injunction application, the High Court has decided that there is a case of unconscionable conduct on the part of Customer A in making the calls on the performance bonds. The Group will highlight the said unconscionability to support the Group's case in the arbitration process. Based on above, the Group has not provided for any claim arising from this legal proceeding in the consolidated financial statements.

(iv) Proceeding (d):

On 20 November 2020, BGMC Corporation received a demand letter from a licensed bank in Malaysia ("**Bank**"), in which the Bank alleged that it had received a demand against a bank guarantee from a beneficiary ("**Beneficiary**") being a customer of BGMC Corporation, in the sum of approximately RM5,500,000, and unless the Beneficiary withdraws its demand or the Bank is restrained from performing its obligations, the Bank would effect payment of the sum demanded to the Beneficiary on 24 November 2020.

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

On 23 November 2020, through its solicitors, BGMC Corporation filed an application (“**Application**”) to the Kuala Lumpur High Court against the Beneficiary, which restrains the Beneficiary from receiving the sum demanded by the Beneficiary. On 24 November 2020, the Kuala Lumpur High Court granted an interim injunction in favour of BGMC Corporation, which restrained the Beneficiary, their respective agents, employees and/or officers from effecting the claims of the performance bond or receiving the payment or part payment under the performance bond from the Bank until the disposal of the originating summons filed by BGMC Corporation against the Beneficiary. On 20 May 2021, the Kuala Lumpur High Court granted a permanent injunction against the Beneficiary in favour of BGMC Corporation.

The Beneficiary has applied for an appeal against the decision of the High Court. The estimated payout for the bank guarantee is in the sum of approximately RM5,500,000 should the Beneficiary’s action be successful in the appeal. The matter was heard for case management on 7 July 2022 and is currently fixed for case management on 12 September 2022. The burden of proving any mistake in law made by the Honourable High Court in granting the injunction against the forfeiture of performance bond is on the Beneficiary. It was the Malaysia legal advisor’s opinion and/or argument that it was unconscionable for the Beneficiary to call for the performance bond, while the Beneficiary was still holding on to the retention sum, this is tantamount to unconscionable conduct by the Beneficiary since their basis to call for performance bond was to recover the alleged back-charges (i.e. the charges for unexpected costs) for defects which were certified and estimated to be approximately RM3,644,000 only (which the Group is also disputing) while the Beneficiary is currently holding a retention sum of RM4.48 million.

As stated earlier that this Application is commenced by the Group against the Beneficiary for the relief to injunct the Beneficiary for calling for the payout of the bank guarantee of RM5,500,000. The Directors consider BGMC Corporation has a valid claim in this Application (which is why the injunction was granted by the High Court on 20 May 2021) against the Beneficiary and it is the Directors’ belief that the appeal by the Beneficiary should be in the Group’s favour and has not provided for any claim arising from the Application in the consolidated financial statements.

The Auditors have conducted and completed interviews with the respective law firms engaged to handle the above proceedings. Legal confirmations have also been provided by the said law firms to the Auditors in addressing the matters. Considering the evidence obtained, the Auditors are satisfied with the Company’s disclosure of contingent liabilities in the 2022 Annual Report.

- (c) For the provision for performance bond, as disclosed in the Company's announcement dated 30 June 2020, a subsidiary of the Company, in the ordinary course of business, had a dispute with a former customer ("**Customer A**") who served notices to terminate construction engagement with the Group, alleging that the Group had delayed in completing the works under two contracts arising out of the same projects. Customer A had sought to forfeit the Group's two performance bonds in the amount of approximately RM25.8 million. On 27 May 2020, the Group has filed for an application for an injunction in the Court and has obtained an ad-interim injunction order dated 29 May 2020 against the forfeiture of the performance bonds by Customer A. On 16 April 2021, the High Court granted the Group the injunction order. In the case management hearing held on 11 August 2022, the court ordered the next court hearing to be held on 12 April 2023. The Group has also initiated an arbitration on 30 June 2020 (which was withdrawn and retained as two arbitrations on 26 October 2020) to dispute the validity of the terminations by Customer A and claim against Customer A for (i) losses of profit of approximately RM35.0 million, (ii) return of retention sum of approximately RM4.4 million and (iii) return of the sums under the two performance bonds amounting to approximately RM25.8 million. On 17 August 2020, Customer A issued a counterclaim of approximately RM126.4 million (which then became counterclaims of RM83.0 million in the two arbitrations) in the arbitration proceeding against the Group. The arbitration proceedings are still ongoing. The next preliminary meeting for the matter is 6 September 2022. The Group's legal counsel is in the opinion that the Group has a stronger case to persuade the arbitrator to rule the facts in the Group's favour. The Group made a full provision for the performance bond of RM25.8 million during the year ended 30 September 2020.

For the provision for impairment loss on trade receivables and contract assets, as disclosed in the First Quarterly Update Announcement, the Second Quarterly Update Announcement, the Third Quarterly Update Announcement, the Fourth Quarterly Update Announcement and the Fifth Quarterly Announcement, Customer B and Customer C had been in financial difficulties and failed to settle the amount due to the Group, and the Group for prudence sake, had provided for an impairment loss on trade receivables and contract assets of approximately RM22.3 million as at 30 September 2020. During FPE2022, Customer B has settled approximately RM20.0 million of the outstanding trade receivables of approximately RM30.1 million as of 30 September 2020, of which RM4.5 million has been impaired as of 30 September 2020. The remaining outstanding balance of RM5.6 million has been fully impaired as of 31 March 2022. The Group also had contract assets in respect of projects with Customer B of RM33.2 million as of 30 September 2020, of which RM11.0 million has been impaired as of 30 September 2020. As of 31 March 2022, contract assets in respect of the same projects amounted to RM14.2 million and they have been fully impaired as of 31 March 2022. The trade receivable from Customer C of approximately RM6.8 million as of 30 September 2020 has been fully impaired. The Company has received approximately a sum of RM0.5 million from Customer C as repayment during the FPE2022 ended 31 March 2022. As of 31 March 2022, trade receivable from Customer C amounted to RM7.3 million has been fully impaired. The Group also had contract assets in respect of projects with Customer C of RM3.8 million as of 30 September 2020. As of 31 March 2022, they have been fully impaired. As to the remaining of approximately RM9.3 million for the provision for impairment loss on trade receivables and contract assets as at 30 September 2020,

the said provision was made in relation to Customer A. During the period, Customer A settled RM1.7 million of trade receivables. As at 31 March 2022, the Group had provided approximately RM8.2 million as an impairment loss on trade receivables and contract assets from Customer A.

For FPE2022, the Company understands that the Auditors have performed these key audit procedures in respect of provision for impairment loss on trade receivables and contract assets:

- a. Obtained an understanding of the Group's procedures on how the Group estimates the loss allowance for trade receivables and contract assets;
- b. Challenged management's basis and judgment in determining credit loss allowances on trade receivable and contract assets as of 1 October 2020 and 31 March 2022, including their identification of credit impaired trade receivables and contract assets and the basis of estimated loss rate such as customers' credit risk rating dependent on the customers' financial performance, historical loss rate and forward-looking information;
- c. Evaluated the presentation and disclosure regarding the impairment assessment of trade receivables and contract assets to the consolidated financial statements;
- d. Obtained legal letters from lawyers to understand the status of the case of Customer A;
- e. Arranged confirmations on balances and checked to the invoices of Customers A, B and C as alternative procedures;
- f. Checked settlement during FPE2022 and subsequent settlement of trade receivables;
- g. Checked recognition of revenue during FPE2022 and subsequently for contract assets; and
- h. Obtained and reviewed the deed of mutual settlement.

As a result of performing above procedures during the latest audit, the Auditors were satisfied that the provision for two performance bonds and provision for impairment loss on trade receivables and contract assets are not materially misstated as at 31 March 2022.

- (d) The background for this issue is that, a construction project was halted because the contracting party is not responsive to the Group's enquiry about construction implementation and progress payment, which is believed to be due to the reason that the said customer's holding company is in serious financial difficulties and was indecisive in confirming the detailed design of the works. Accordingly, the Group has stopped construction work and therefore is potentially liable to an estimated LAD as it falls behind schedule. As disclosed in the Company's First Quarterly Update Announcement, the Second Quarterly Update Announcement, the Third Quarterly Update Announcement and the Fourth Quarterly Update Announcement, the Group has also written officially to the contracting party and other relevant parties involved in the project and has managed to attend a meeting with their senior management in March 2021. In the meeting, the contracting party has requested the Group to submit a proposal and also the construction plan to continue with the project. On 23 August 2021, the contracting party granted the Group an extension of time (the "EOT"), granting the Group 797 days of EOT. After assessment, the project team took the position that it is not viable to continue with the project, considering the current market condition. The Group has been in discussion with the contracting party to find an amicable solution to mutually terminate the contract. On 7 March 2022, the Group has written to the contracting party to terminate the project on mutual basis. This option was however not agreeable by the contracting party. After a meeting between the Group and the top management of the contracting party, consensus was reached to carry out workshops with the objective of formulating workable completion plan for the project. Resulting from the workshops, the parties have agreed to continue working on the basis (i) to complete the project with the remaining contract price; (ii) to reduce and to optimize the scope of works; (iii) that an additional 12 months plus 2 weeks (for mobilization) will be granted for the completion of the project. As at the date of this announcement, the new EOT ends on 19 June 2023.

The Company provided for the amount of LAD (RM2.1 million) in the financial statements for FY2020. Taking into account the latest development, the Directors were of the opinion such a provision was no longer necessary in FPE2022, the same amount of reversal was recorded in 2022 Annual Report. As a result of performing certain procedures during the latest audit, the Auditors were satisfied that the provision for LAD is not materially misstated as at 31 March 2022.

Due to the impact of the matters of Disclaimer of Opinion given by ZH on the consolidated financial statements of the Group for the year ended 30 September 2020 including (a) provision for legal and professional fee and disclosure of contingent liabilities, (b) provision for performance bonds and impairment loss on trade receivables and contract assets, and (c) the effect of provision for LAD, the Auditors disclaimed the audit opinion on the consolidated financial statements for FPE2022 because of the impact of the matters (a) to (c) on the opening balances and comparative information of the consolidated financial statements of the Group for FPE2022, however, there were no possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2022. Further, the Auditors and the Company expect all of the matters referenced in the Disclaimer of Opinion given by ZH will be resolved and will no longer have further impact on the Company's annual results for the year ending 31 March 2023.

Resumption Guidance II

With regard to the fulfillment of Resumption Guidance II, the Company has included all material information on its business, financial performance and operation management in the 2022 Annual Report and other disclosure documents published in accordance with the Listing Rules and other applicable regulatory requirements. To the best of knowledge of the Directors of the Company, there is no other information required to be disclosed under Part XIVA of the SFO and no other undisclosed information that is material for the Company's shareholders and other investors to appraise the Company's position.

Resumption Guidance III

With reference to the Sixth Quarterly Update Announcement, Resumption Guidance III has been fulfilled as the Company has on 24 June 2022 re-complied with rule 3.10(1), rule 3.10A and rule 3.21 of the Listing Rules following the appointment of Datuk Kang Hua Keong as an INED.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 January 2021. As the Resumption Guidance have been fulfilled, an application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 September 2022.

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

Malaysia, 5 September 2022

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