

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (“Stock Exchange” or “HKEX”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **BGMC International Limited**

**璋利國際控股有限公司**

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

**(Stock Code: 1693)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group increased from RM79.1 million in the Corresponding Period to RM82.3 million for the Period.
- The Group’s gross loss improved from RM10.4 million in the Corresponding Period to a gross loss of RM6.7 million for the Period.
- Loss attributable to the owners of the Company was RM10.3 million for the Period as compared with a loss of RM34.2 million in the Corresponding Period.
- Basic loss per share was RM0.57 sen for the Period and basic loss per share was RM1.90 sen in the Corresponding Period.

The board (“**Board**”) of directors (“**Directors**”) of BGMC International Limited (“**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, “**Group**” or “**BGMC**” or “**we**” or “**us**”) for the six months ended 30 September 2022 (“**Period**”), together with the unaudited comparative figures for the six months ended 30 September 2021 (“**Corresponding Period**”). The unaudited condensed consolidated financial results of the Group for the Period have been reviewed by the Company’s audit committee (“**Audit Committee**”) and approved by the Board on 18 November 2022. All amounts set out in this announcement are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	For the six months ended 30 September 2022 RM'000 (Unaudited)	For the six months ended 30 September 2021 RM'000 (Unaudited)
<b>Continuing operations</b>			
Revenue	5	82,273	79,067
Cost of sales		<u>(89,000)</u>	<u>(89,481)</u>
<b>Gross loss</b>		<b>(6,727)</b>	<b>(10,414)</b>
Other income		348	949
Administrative and other expenses		<b>(6,629)</b>	<b>(32,207)</b>
Other gains, net		293	4,415
Finance costs		<b>(466)</b>	<b>(1,707)</b>
<b>Loss before tax</b>	6	<b>(13,181)</b>	<b>(38,964)</b>
Income tax credit	7	<b>139</b>	<b>2,366</b>
<b>Loss for the period from continuing operations</b>		<b>(13,042)</b>	<b>(36,598)</b>
<b>Discontinued operation</b>			
Profit for the period from discontinued operation		<u>2,961</u>	<u>2,007</u>
<b>Loss and total comprehensive loss for the period</b>		<b>(10,081)</b>	<b>(34,591)</b>
<b>Loss and total comprehensive loss for the period attributable to:</b>			
Owners of the Company			
Loss from continuing operations		<b>(13,126)</b>	<b>(36,289)</b>
Profit from discontinued operation		<b>2,813</b>	<b>2,072</b>
Loss attributable to owners of the Company		<b>(10,313)</b>	<b>(34,217)</b>
Non-controlling interests			
Profit/(Loss) from continuing operations		<b>84</b>	<b>(309)</b>
Profit/(Loss) from discontinued operation		<b>148</b>	<b>(65)</b>
Profit/(Loss) attributable to non-controlling interest		<b>232</b>	<b>(374)</b>
		<b>(10,081)</b>	<b>(34,591)</b>
<b>Loss per share</b>			
From continuing and discontinued operations			
Basic (RM sen)	8	<u>(0.57)</u>	<u>(1.90)</u>
Diluted (RM sen)	8	<u>(0.57)</u>	<u>(1.90)</u>
From continuing operations			
Basic (RM sen)	8	<u>(0.73)</u>	<u>(2.02)</u>
Diluted (RM sen)	8	<u>(0.73)</u>	<u>(2.02)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2022*

		<b>As at 30 September 2022 RM'000 (Unaudited)</b>	As at 31 March 2022 RM'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>140</b>	145
Right-of-use assets		<b>340</b>	279
Investment properties		<b>25,188</b>	25,188
Intangible assets		<b>1,104</b>	1,242
		<hr/> <b>26,772</b>	<hr/> 26,854
<b>Current assets</b>			
Investment in redeemable convertible preference shares		<b>5,694</b>	5,694
Trade and other receivables, deposits and prepaid expenses	10	<b>74,520</b>	71,600
Tax recoverable		<b>2,843</b>	3,902
Contract assets		<b>104,497</b>	115,519
Fixed deposits		<b>38,407</b>	35,236
Cash and bank balances		<b>840</b>	2,118
		<hr/> <b>226,801</b>	<hr/> 234,069
Assets classified as held for sale		<b>212,411</b>	212,396
		<hr/> <b>439,212</b>	<hr/> 446,465

		As at <b>30 September</b> <b>2022</b> <i>RM'000</i> <b>(Unaudited)</b>	As at 31 March 2022 <i>RM'000</i> <b>(Audited)</b>
<b>Current liabilities</b>			
Contract liabilities		1,760	7,425
Trade and other payables	12	257,891	192,291
Borrowings – secured		2,812	2,794
Lease liabilities		284	264
		<u>262,747</u>	<u>202,774</u>
Liabilities directly associated with assets classified as held for sale		<u>67,329</u>	<u>124,803</u>
		<u>330,076</u>	<u>327,577</u>
<b>Net current asset</b>		<u>109,136</u>	<u>118,888</u>
<b>Total assets less current liabilities</b>		<u>135,908</u>	<u>145,742</u>
<b>Non-current liabilities</b>			
Lease liabilities		130	161
Redeemable Secured Loan Stock		48,175	–
Trade payables	12	–	47,897
		<u>48,305</u>	<u>48,058</u>
<b>NET ASSETS</b>		<u>87,603</u>	<u>97,684</u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	11	9,862	9,862
Reserves		85,525	95,838
		<u>95,387</u>	<u>105,700</u>
Non-controlling interests		<u>(7,784)</u>	<u>(8,016)</u>
<b>TOTAL EQUITY</b>		<u>87,603</u>	<u>97,684</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 9 August 2017. The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 18 November 2016.

The addresses of the Company’s registered office and principal place of business are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia, respectively.

The Company is an investment holding company and the Group is principally engaged in the provision of a wide range of construction services in Malaysia.

The condensed consolidated financial statements are presented in RM which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information on pages 2 to 18 for the six months ended 30 September 2022 (“**Period**”) have been prepared in accordance with the International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s 2022 annual report for the eighteen months ended 31 March 2022.

#### Going concern assumption

During the Period, the Group incurred a loss attributable to owners of approximately RM10.3 million. These events or conditions indicate that an uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

The Directors of the Group are of the opinion that the preparation of the condensed consolidated financial statements of the Group on a going concern basis remains appropriate based on the following:

- (i) Pursuant to the Agreements (as defined in Company’s circular dated 21 September 2022) entered into between BGMC Corporation Sdn Bhd (“**BGMC Corporation**”) and reNIKOLA Sdn Bhd (“**reNIKOLA**”) on 24 March 2022, reNIKOLA shall progressively subscribe for or refinance the Bras Power Sukuk Bond. As at 30 September 2022, RM63.7 million has been advanced from reNIKOLA or its nominated parties for the purpose of repaying the maturing Bras Power Sukuk Bond;
- (ii) repayment from customers of RM26,200,000 which were under dispute but settlement is expected to be received in the next twelve months; and
- (iii) completion of the disposal of BGMC Bras Power Sdn Bhd (“**BGMC Bras Power**”) to reNIKOLA.

The Group will obtain continuous financial support from the lenders, clients and creditors which will enable the Group to operate in the foreseeable future, and accordingly, realise its assets and discharge its liabilities in the normal course of business.

### 3. COMPARATIVE FIGURES

As a result of the change of financial year end date of the Company from 30 September to 31 March as announced on 8 November 2021, the figures as per the unaudited interim results for the six months ended 31 March 2021 are not adopted as the comparative figures. Thus, the unaudited condensed consolidated interim financial statements of the Group will cover the Period, with comparative figures covering the six months period from 1 April 2021 to 30 September 2021 (“**Corresponding Period**”).

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

#### **New and amended standards and interpretations adopted by the Group**

In the current period, the Group has adopted the following IAS and International Financial Reporting Standards (“**IFRS**”) effective for the Group beginning 1 January 2022:

<b>Adopted</b>	<b>Effective date</b>	<b>New standards or amendments</b>
IAS 37 (Amendments)	1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS 2018-2020	1 January 2022	Annual Improvements related to IFRS 1, IFRS 9, IFRS 16 and IAS 41
IAS 16 (Amendments)	1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use
IFRS 3 (Amendments)	1 January 2022	Reference to the Conceptual Framework
IFRS 9 (Amendments)	1 January 2022	Fees in the “10 Per Cent” Test for Derecognition of Financial Liabilities

The amendments listed above did not have material impact on the Group’s financial performance for the Period and financial position as at 30 September 2022.

#### **New standards and interpretations not yet adopted**

<b>Not early adopted</b>	<b>Effective for accounting periods beginning on or after</b>	<b>New standards or amendments</b>
IAS 1 (Amendments)	1 January 2023	Classification of Liabilities as Current or Non-current
IAS 1 (Amendments)	1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
IFRS 17 (Amendments)	1 January 2023	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
IAS 8 (Amendments)	1 January 2023	Definition of Accounting Estimates
IAS 12 (Amendments)	1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 10, IAS 28 (Amendments)	A date to be determined by IASB	Sales or Contributions of Assets between an Investor and its Associate/Joint Venture

The accounting standards and interpretations above have been published but are not mandatory for the Period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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

### (a) Revenue

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	For the six months ended 30 September 2021 RM'000 (Unaudited)
Building construction revenue	84,863	91,400
Building maintenance service income	–	1,960
Supply and installation of elevators	37	1,480
	<u>84,900</u>	<u>94,840</u>
Representing:		
Continuing operations	82,273	79,067
Discontinued operation	2,627	15,773
	<u>84,900</u>	<u>94,840</u>

### (b) Income from concession agreements

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	For the six months ended 30 September 2021 RM'000 (Unaudited)
Income from concession agreements		
– imputed interest income:		
(i) Universiti Teknologi Mara (“UiTM”)	–	6,815
(ii) Renewable Energy Power Purchase Agreement (“REPPA”)	5,205	3,717
	<u>5,205</u>	<u>10,532</u>
Representing:		
Discontinued operation	5,205	10,532
	<u>5,205</u>	<u>10,532</u>

(c) **Segment Information**

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

- (i) Building and structures – provision of construction services in building and structural construction works;
- (ii) Energy infra-structure – provision of construction services in energy transmission and distribution works;
- (iii) Mechanical and electrical – provision of construction services in mechanical and electrical installation works;
- (iv) Earthworks and infra-structure – provision of construction services in earthworks and infra-structure construction works;
- (v) Concession and maintenance – provision of development and construction services under REPPA; and
- (vi) Concession and maintenance – provision of construction services under private finance initiative and related post-construction property management services in relation to the maintenance of the related facilities and infra-structure (discontinued operation).

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

**Segment Revenue**

*For the six months ended 30 September 2022*

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>								
External revenue	68,994	8,481	2,849	-	1,949	82,273	-	82,273
Inter-segment revenue	-	-	550	-	1,144	1,694	(1,694)	-
<b>Total</b>	<b>68,994</b>	<b>8,481</b>	<b>3,399</b>	<b>-</b>	<b>3,093</b>	<b>83,967</b>	<b>(1,694)</b>	<b>82,273</b>
<b>RESULT</b>								
Segment result	(13,525)	(1,574)	527	(90)	(768)	(15,430)	-	(15,430)
Unallocated corporate expenses								1,956
Other gains, net								293
Loss before tax								(13,181)



## Other entity-wide segment information

For the six months ended 30 September 2022

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results or segment assets:								
Additions of property, plant and equipment	17	-	-	-	-	17	-	17
Depreciation of property, plant and equipment	9	1	9	-	2	21	-	21
Depreciation of right-of-use assets	152	18	3	-	-	173	-	173
Amortisation of intangible assets	139	-	-	-	-	139	-	139
Impairment/(Reversal of impairment) of:								
Trade receivables	-	-	(1,600)	-	-	(1,600)	-	(1,600)
Contract assets	-	7	-	-	-	7	-	7
Gain on disposal of property, plant and equipment	(290)	-	-	-	-	(290)	-	(290)

## Segment Revenue

For the six months ended 30 September 2021

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
<b>SEGMENT REVENUE</b>								
External revenue	66,784	275	8,881	-	3,127	79,067	-	79,067
Inter-segment revenue	-	-	4,927	-	10,612	15,539	(15,539)	-
<b>Total</b>	<b>66,784</b>	<b>275</b>	<b>13,808</b>	<b>-</b>	<b>13,739</b>	<b>94,606</b>	<b>(15,539)</b>	<b>79,067</b>
<b>RESULT</b>								
Segment result	(55,062)	122	(3,905)	(349)	1,016	(58,178)	-	(58,178)
Unallocated corporate income less expenses								14,799
Other gain, net								4,415
Loss before tax								(38,964)

## Other entity-wide segment information

For the six months ended 30 September 2021

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results or segment assets:								
Depreciation of property, plant and equipment	82	-	11	-	2	95	-	95
Depreciation of right-of-use asset	682	-	126	-	20	828	-	828
Amortisation of intangible assets	636	-	1,170	226	-	2,032	-	2,032
Impairment/(Reversal of impairment) of:								
Trade Receivables	238	32	3,513	-	15	3,798	-	3,798
Contract assets	1	3,050	1,244	-	-	4,295	-	4,295
Contract asset written off	1,801	-	-	-	-	1,801	-	1,801
Gain on disposal of property, plant and equipment	(1,372)	-	-	(180)	-	(1,552)	-	(1,552)
Gain on disposal of right-of-use assets	(2,886)	-	-	-	-	(2,886)	-	(2,886)

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

## 6. LOSS FOR THE PERIOD

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

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	For the six months ended 30 September 2021 RM'000 (Unaudited)
Amortisation of intangible assets	<b>139</b>	2,032
Auditor's remuneration		
Audit services	<b>223</b>	461
Cost of sales and services	<b>89,000</b>	89,481
Depreciation charge of:		
Property, plant and equipment	<b>21</b>	95
Right-of-use assets	<b>173</b>	828
(Reversal)/impairment of trade receivables	<b>(1,600)</b>	3,798
Impairment of contract assets	<b>7</b>	4,295
Gain on disposal of property, plant and equipment	<b>(290)</b>	(1,552)
Gain on disposal of right-of-use assets	-	(2,886)
Contract asset written off	-	1,801
Staff costs including directors' emoluments		
- Wages and salaries	<b>4,907</b>	6,116
- Employees Provident Fund	<b>551</b>	669

**7. INCOME TAX EXPENSE/(CREDIT)**

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	<b>For the six months ended 30 September 2021 RM'000 (Unaudited)</b>
Malaysia corporate income tax:		
Current period	–	978
Over-provision in prior years	<b>(139)</b>	<b>(1,994)</b>
	<b>(139)</b>	<b>(1,016)</b>
Deferred tax:		
Current period	–	57
	–	57
	<b>(139)</b>	<b>(959)</b>
Representing:		
Continuing operations	<b>(139)</b>	<b>(2,366)</b>
Discontinued operation	–	1,407
	<b>(139)</b>	<b>(959)</b>

**8. LOSS PER SHARE**

	<b>For the six months ended 30 September 2022 (Unaudited)</b>	<b>For the six months ended 30 September 2021 (Unaudited)</b>
From continuing and discontinued operations		
Basic ( <i>RM sen</i> )	<b>0.57</b>	1.90
Diluted ( <i>RM sen</i> )	<b>0.57</b>	1.90
From continuing operations		
Basic ( <i>RM sen</i> )	<b>0.73</b>	2.02
Diluted ( <i>RM sen</i> )	<b>0.73</b>	2.02

## Basic

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

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	For the six months ended 30 September 2021 RM'000 (Unaudited)
Profit/(Loss) for the period attributable to the owners of the Company for the purpose of basic loss per share:		
Loss from continuing operations	<b>(13,126)</b>	(36,289)
Profit from discontinued operation	<b>2,813</b>	2,072
	<b>Number of shares</b>	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share:		
At beginning and end of the period	<b>1,800,000,000</b>	1,800,000,000

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

## 9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment for RM0.02 million (Corresponding Period: Nil).

**10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES**

	As at 30 September 2022 RM'000 (Unaudited)	As at 31 March 2022 RM'000 (Audited)
Trade receivables:		
Third parties	73,426	73,184
Related parties	915	–
Less: Provision for loss allowance	(20,256)	(21,856)
	<b>54,085</b>	51,328
Retention receivables:		
Third parties	3,730	3,875
	<b>3,730</b>	3,875
Other receivables:		
Third parties	8,017	8,882
Related parties	3,917	2,540
Less: Provision for loss allowance	(2,342)	(2,342)
	<b>9,592</b>	9,080
Refundable deposits	3,372	3,524
Prepaid expenses	3,741	3,793
	<b>74,520</b>	71,600
Analysed for reporting purposes as:		
Current assets	74,520	71,600
	<b>74,520</b>	71,600

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

	<b>As at 30 September 2022 RM'000 (Unaudited)</b>	<b>As at 31 March 2022 RM'000 (Audited)</b>
0 to 30 days	5,459	18,813
31 to 90 days	14,817	894
Over 90 days	<u>33,809</u>	<u>31,621</u>
	<u><b>54,085</b></u>	<u><b>51,328</b></u>

Reconciliation of loss allowance for trade receivables:

	<i>RM'000</i>
As at 1 October 2020	15,272
Increase in loss allowance for the period	<u>6,584</u>
As 31 March 2022	21,856
Reversal of loss allowance for the period	<u>(1,600)</u>
At 30 September 2022	<u><b>20,256</b></u>

## 11. SHARE CAPITAL

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

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

## 12. TRADE AND OTHER PAYABLES

	As at 30 September 2022 RM'000 (Unaudited)	As at 31 March 2022 RM'000 (Audited)
Trade payables:		
Third parties	49,307	97,895
Related parties	6	57
	<b>49,313</b>	97,952
Retention sum payable:		
Third parties	16,159	16,043
	<b>16,159</b>	16,043
Other payables:		
Third parties	75,114	18,137
	<b>75,114</b>	18,137
Accrued expenses	88,596	79,163
Amount owing to a related party	250	348
Provision for performance bonds	25,797	25,797
Goods and services tax payable	2,662	2,748
	<b>257,891</b>	240,188
Analysed for reporting purposes as:		
Current liabilities	257,891	192,291
Non-current liabilities	–	47,897
	<b>257,891</b>	240,188

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

	As at 30 September 2022 RM'000 (Unaudited)	As at 31 March 2022 RM'000 (Audited)
0–30 days	13,657	16,422
31–90 days	8,105	52,065
Over 90 days	27,551	29,465
	<b>49,313</b>	97,952

### 13. RELATED PARTY TRANSACTIONS

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

	<b>For the six months ended 30 September 2022 RM'000 (Unaudited)</b>	For the six months ended 30 September 2021 RM'000 (Unaudited)
Construction cost paid to related parties	<u>–</u>	<u>356</u>

### 14. DIVIDENDS

The Board has resolved not to recommend the payment of any interim dividend to the shareholders of the Company (“Shareholders”) for the Period.

### 15. CONTINGENT LIABILITIES

- (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. The court hearing is now fixed 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. The next preliminary meeting for the matter is 10 February 2023.



- (b) 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 fixed for further case management on 12 December 2022.

- (c) Pursuant to a call and put option agreement entered into between the Company, BGMC Energy Sdn Bhd (“**BGMC Energy**”), DPI Solar 1 Pte Ltd (“**DPI Solar 1**”) and Sparks Energy International Limited (“**Sparks Energy**”) dated 29 August 2019, in the consideration of the put option fee and the mutual covenants and undertakings stated therein, DPI Solar 1 was supposed to be granted an option to require the Company to purchase the put option shares from DPI Solar 1 at the option price of US\$1 per share. On 19 February 2021, DPI Solar 1 exercised the alleged put option and required the Company to purchase the put option shares, which is 50.1% of the Class 1 Preference Shares amounted to US\$10,736,000. As the mutual covenants and undertakings stated therein have not been fulfilled, the Company did not purchase the said preference shares. As a result, DPI Solar 1 commenced arbitration proceedings against the Company.

As disclosed in the announcements of the Company dated 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of BGMC Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. As of the date of this interim results announcement, parties are still in the process of fulfilling the conditions as contained in the settlement agreement.

- (d) On 18 March 2022, BGMC Bras Power terminated the Operation, Maintenance and Management Services Agreement (“**OMMA**”) entered into between Sparks Energy Sdn Bhd and BGMC Bras Power. On 26 April 2022, Sparks Energy Sdn Bhd has filed an injunction application in aid of arbitration for the termination of OMMA. Ad-interim injunction were granted since 29 April 2022 but the application was subsequently dismissed by the High Court on 7 July 2022. Sparks Energy Sdn Bhd appealed to the Court of Appeal. On 27 June 2022, Sparks Energy Sdn Bhd has also commenced arbitration proceedings against BGMC Bras Power for the termination of OMMA.

Meanwhile, Sparks Energy Sdn Bhd filed for an Erinford injunction where the High Court granted an ad-interim Erinford injunction which expired on 12 August 2022.

As disclosed in the announcements of the Company dated 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of BGMC Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. As of the date of this interim results announcement, parties are still in the process of fulfilling the conditions as contained in the settlement agreement.

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

As disclosed in the announcements of the Company dated 16 August 2022 and 23 August 2022 regarding the legal proceedings in respect of BGMC Group and other parties, the parties had entered into a settlement agreement on a confidential basis, subject to the conditions as contained therein for the full and final settlement of the matter. As of the date of this interim results announcement, parties are still in the process of fulfilling the conditions as contained in the settlement agreement.

## 16. EVENT AFTER THE REPORTING PERIOD

There are no material events subsequent to the end of the period under review in this interim results announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structures segment	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government led infra-structure and facility projects.
	Energy Infra-structure segment	Has two previously independent businesses: (a) design and construction of medium and high voltage power substations; and (b) installation of medium and high voltage underground cabling systems. Is also responsible for developing and constructing the utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infra-structure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthworks and Infra-structure segment	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infra-structure installation.

<b>Core Business</b>	<b>Segment/Model</b>	<b>What BGMC does</b>
Concession and Maintenance	Build, Own and Operate (“ <b>BOO</b> ”) model	A concession to build a solar power plant, and to generate and to sell such power generated from the plant to national utility company for 21 years. The Group had entered into agreements to dispose of interest in the subsidiary which holds the solar power plant on 24 March 2022, the details of which are set out in the circular of the Company dated 21 September 2022.

## **CONSTRUCTION SERVICES SECTOR**

The Construction Services sector contributed RM80.3 million, or 97.6%, to the consolidated revenue of the Group for the Period, against RM75.9 million, or 96.1%, in the Corresponding Period. The increase in revenue was due to higher construction works progress as Malaysia entered into endemic phase of post COVID-19. The projects also garnered lower impact of estimated liquidated ascertained damages (“**LAD**”) on revenue as the Group managed to secure extension of time (“**EOT**”).

Higher revenue was recorded in current Period due to normalisation of works to full capacity as the Corresponding Period was affected by various movement control orders (“**MCOs**”) imposed by the Government of Malaysia to curb the spread of COVID-19, particularly there was inactivity in June 2021 and subsequently only essential projects approved by the relevant authorities were allowed to operate at certain productivity.

During the Period, the Construction Services sector has not secured any new contract. As at 30 September 2022, we have an outstanding order book of RM239.7 million (30 September 2021: RM422.5 million).

The Group’s major ongoing projects are as follows:

<b>Project Name and Description</b>
<b>The Sky Seputeh:</b> Construction of two 37-storey towers with 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.
<b>Bangsar 61:</b> Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, KL, Malaysia.
<b>Setia Spice:</b> Construction of a 26-storey building with a 19-storey hotel (453 rooms), a 3-storey car park and 4-storey hotel facilities, plus a 2-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.

## **Building and Structures**

As the leading segment of the Construction Services sector and the Group as a whole with sizeable contracts on hand, Building and Structures contributed RM69.0 million, or 83.9%, to the Group's consolidated revenue for the Period, compared to RM66.8 million, or 84.5% as at 30 September 2021.

During the Period, this segment has not secured any new project as the Group switches its focus to (i) increase the productivity and work done for the existing ongoing projects as challenges are ahead with the new normal; (ii) overcome the limitation imposed by our difficult financial position. Meanwhile, the Group's operation level and construction activities have improved since September 2021 as a result of the replacement of MCO restrictive measures on construction activities with National Recovery Plan by the Government of Malaysia.

As at 30 September 2022, the Building and Structures segment had an outstanding order book of RM232.4 million (30 September 2021: RM365.5 million).

## **Energy Infra-structure**

During the Period, the Energy Infra-structure segment has contributed a revenue of RM8.5 million or equivalent to 10.3% of the Group's consolidated revenue, as compared with RM0.3 million or 0.35% of the consolidated revenue for the Corresponding Period. The increase was due to completion of cables laying for PMU Shah Alam 18 to PMU Sirim underground cabling work project.

During the Period, this segment has not secured any new project. As at 30 September 2022, Energy Infra-structure segment had an outstanding order book of RM0.2 million (30 September 2021: RM25.7 million).

## **Mechanical and Electrical**

The Mechanical and Electrical segment has recorded a revenue of RM2.8 million or 3.5% contribution to the consolidated revenue for the Period, as compared with RM8.9 million or 11.2% contribution to consolidated revenue for the Corresponding Period. The decrease is recorded as most of the ongoing projects have been completed.

During the Period, the Mechanical and Electrical segment has not secured any contract. As at 30 September 2022, the Mechanical and Electrical segment recorded an outstanding order book of RM7.2 million (30 September 2021: RM31.4 million).

## **Earthworks and Infra-structure**

The Earthworks and Infra-structure segment has not recorded any revenue for the Period as all the projects were completed. Activities in this segment will be minimal going forward while the resources will be redeployed to other segments.

## **CONCESSION AND MAINTENANCE SECTOR**

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

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

This concession contract that the Group has entered into is a contract to build a LSSPV power plant, to generate and to sell the power generated from the plant to TNB. The plant has an output capacity of 30 megawatts alternate current and is located at Kuala Muda, Kedah, Malaysia. The LSSPV power plant has managed to procure the commercial operation date on 22 March 2022 and has since started to generate and sell the solar power to TNB even though the Group has yet to accept the construction of the LSSPV power plant fully from the Engineering, Procurement, Construction and Commissioning (“EPCC”) contractor. The full and final handover of the LSSPV power plant will only occur when the Group is satisfied with the completion of the defective work by the EPCC contractor.

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

During the Period, the BOO business has a revenue of RM2.6 million (Corresponding Period: RM36.0 million).

## **FUTURE PROSPECT**

The Malaysian economy grew by 8.9% in 2Q 2022 (1Q 2022: 5.0%), boosted by expansion in domestic demand and resilient exports, and expected a strong performance in 3Q 2022. The construction sector grew by 2.4% in 2Q 2022 (1Q 2022: –6.2%), its first positive growth since 2Q 2021. Bank Negara Malaysia (“BNM”) forecasted the full year growth for 2022 would likely be at the range of 5.3% to 6.3%, as the Malaysian economy is projected to continue to recover in 2H 2022 albeit at a more moderate pace amid global headwinds. According to BNM, the construction industry is set to rebound with a 6.1% growth in 2022, catalysed by the ongoing construction activity in large scale infrastructure projects.

The COVID-19 outbreak and the effects are much affecting the worldwide. Despite Malaysia uplifted the strict measures imposed in the past to curb the spread of COVID-19, and with the lifting of movement controls by most of the countries, the Malaysian economy is recovering at a slow pace. Shortages of manpower in all industries, coupled with increase of minimum wages and levies on foreign labours are one of the few reasons construction industry’s recovery is gradually progressing. The Russia-Ukraine war continues to impact worldwide economy, resulting in higher construction material costs.

Various strategies are deployed to ensure the survival and the resilience of the Company. On continuing basis, we have been managing the operating costs and keeping the headcounts of the Group lean. The resiliency of the Group has been much improved, with the successful debt restructuring of one of the subsidiaries of the Company. Furthermore, the Group has been actively identifying the possibility to dispose off certain assets, to ensure a better utilization of resources during this challenging time. Digitisation to the traditional construction industry is part of our strategies to improve communication, coordination, efficiency and productivity of our business. We believe that with technologies, we are able to build better.

As we ease into the endemic phase with the relaxation of social restrictions, pent up demand in domestic activities as well as resumption of international travel, we see an improvement in the outlook of the construction sector. We expect the Malaysian economy to gradually recover and stabilise in 1H 2023 as it emerges from the doldrums of the COVID-19 pandemic. We will continue our endeavours in seeking opportunities in the construction and concession industry, develop projects that may help to generate businesses and recurring income, while exploring new businesses to ensure the sustainability of the Group.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's total revenue increased from RM79.1 million in the Corresponding Period to RM82.3 million during the Period. The increase in revenue was mainly due to improvement in work progress from the Construction Services sector. The Construction Services sector contributed RM80.3 million to the consolidated revenue of the Group for the Period against RM75.9 million in the Corresponding Period, increased by 5.8% mainly due to the Group focusing on increasing the productivity and work done for the existing ongoing projects.

### **Gross Loss**

The Group recorded total gross loss of RM6.7 million in the Period as compared to a gross loss of RM10.4 million in the Corresponding Period. The rising construction costs as a result of surge in building materials prices and higher labour costs due to increase in minimum wages, which eventually affects the profitability of ongoing projects.

The Group's gross loss margin improved to 8.2% for the Period from 13.2% for the Corresponding Period. The improvement of gross loss margin is due to the lower estimated LAD for the Period compared to the Corresponding Period.

### **Administrative and Other Expenses**

Administrative and other expenses decreased from RM32.2 million in the Corresponding Period to RM6.6 million for the Period, mainly due to loss on disposal of KAS Engineering Sdn Bhd ("**KAS Engineering**") which was amounted to RM14.3 million in the Corresponding Period. The administrative and other expenses also consists of impairment of trade receivables and impairment of contract assets totalling RM8.1 million in the Corresponding Period. On the other hand, total staff costs incurred for the Period were RM5.5 million compared to RM6.8 million recorded in the Corresponding Period.

## **Finance Costs**

Finance costs for the Period were RM0.47 million compared to RM1.71 million in the Corresponding Period due to the repayment of bank borrowings from the disposal proceeds of KAS Engineering.

## **Income Tax Credit**

Income tax credit reduced from RM2.4 million in the Corresponding Period to RM0.1 million for the Period, mainly due to over provision of income tax expenses amounting to RM2.0 million recorded in the Corresponding Period.

## **Liquidity, Financial Resources and Capital Structure**

Net gearing ratio of the Group (calculated by dividing the net debts by equity attributable to owners of the Company) is recorded at 1.21 times as at 30 September 2022 as compared to 0.01 times as at 31 March 2022. The increase in net gearing ratio is due to the advances received from reNIKOLA for the LSSPV power plant project from RM8.8 million as at 31 March 2022 to RM72.5 million as at 30 September 2022.

Cash and bank balances (including fixed deposits) stood at RM39.2 million as at 30 September 2022 as compared with RM37.3 million as at 31 March 2022, representing an increase of RM1.9 million.

## **Net Current Assets**

Net current assets of the Group stood at RM109.1 million as at 30 September 2022, as compared with RM118.9 million as at 31 March 2022, representing a decrease of RM9.8 million. The decrease in net current assets was due to the advances received from reNIKOLA for the LSSPV power plant project.

For the going concern analysis, please refer to note 2 of the condensed consolidated financial statements, “Basis of Preparation”.

## **Treasury Policies**

The Group’s financing and treasury activities are centrally managed and controlled at the corporate level. Bank borrowings of the Group are all denominated in RM and on a floating-rate basis. It is the Group’s policy not to enter into derivative transactions for speculative purposes.

## **Capital Expenditure**

Capital expenditure mainly consisted of procurement of construction machinery and computer equipment, which was funded by hire purchase and internally generated funds. For the Period, BGMC has acquired computer equipment of RM0.02 million (Corresponding Period: Nil).



## **Foreign Exchange Exposure**

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

## **Significant Investment Hold**

The Group did not hold any other significant investment during the Period.

## **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Save for the disposal of the interest in 95% ordinary shares of BGMC Bras Power as set out in the announcements of the Company dated 24 March 2022 and 27 June 2022, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

## **Employees and Remuneration Policies**

As at 30 September 2022, the Group has 120 employees as compared to 145 as at 30 September 2021. Total staff costs incurred for the Period were RM5.5 million compared to RM6.9 million recorded in the Corresponding Period. The reduction is achieved after the Group has taken immediate actions to review and reorganize the workforce required to run the operation and projects more efficiently.

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

The Group has adopted a share option scheme ("**Share Option Scheme**") which became effective on 9 August 2017 ("**Listing Date**"), being the date of listing of the shares of the Company on the Stock Exchange, to enable the Board to grant share options to eligible participants giving them an opportunity to have a personal stake in the Company. As at the date of this interim results announcement, there was no outstanding share option granted under the Share Option Scheme.

## **Contingent Liabilities**

Details of the Group's contingent liabilities up to the date of this interim results announcement are set out in note 15 of the condensed consolidated financial statements.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (“SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (“Model Code”) were as follows:

#### Interests in the shares of the Company

Name of Director	Capacity/ Nature of interest	Interests in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 2)
Dato’ Teh Kok Lee (“Dato’ Michael Teh”) (Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%

“L” denotes long position

#### Notes:

- (1) On 15 December 2016, Dato’ Michael Teh and Tan Sri Dato’ Sri Goh Ming Choon (“Tan Sri Barry Goh”), a former executive Director, entered into a concert party confirmatory deed (“Concert Party Confirmatory Deed”) to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since they became shareholders of BGMC Holdings Berhad (“BGMC Holdings”) and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed “History, Development and Reorganisation – Concert Party Confirmatory Deed” in the prospectus of the Company dated 31 July 2017.

As at 30 September 2022, the 1,208,250,000 shares interested by them in aggregate consisted of (i) 864,000,000 shares beneficially owned by Prosper International Business Limited (“Prosper International”) which in turn is beneficially and wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 shares beneficially and wholly owned by Seeva International Limited (“Seeva International”) which in turn is beneficially and wholly-owned by Dato’ Michael Teh. Each of Tan Sri Barry Goh and Dato’ Michael Teh is deemed to be interested in all the shares held or deemed to be held by them in aggregate by virtue of the SFO.

- (2) The percentage is calculated on the basis of 1,800,000,000 shares in issue as at 30 September 2022.

## Interest in the Shares of Associated Corporations

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

Save as disclosed above, as at 30 September 2022, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2022, so far as is known to the Directors, the following corporations or persons (other than a Director or the chief executive had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity/ Nature of interest	Number of shares of the Company held	Percentage of shareholding (Note 2)
Prosper International (Note 1)	Beneficial owner and interests held jointly with another person	1,208,250,000 (L)	67.1%
Seeva International (Note 1)	Beneficial owner and interests held jointly with another person	1,208,250,000 (L)	67.1%
Kingdom Base Holdings Limited	Beneficial owner	141,750,000 (L)	7.9%

"L" denotes long position

*Notes:*

- (1) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the Company and the relevant members of the Group since they became shareholders of BGMC Holdings and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details of the Concert Party Confirmatory Deed, please refer to "Concert Party Confirmatory Deed" sub-section in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 31 July 2017.

As at 30 September 2022, the 1,208,250,000 shares of the Company interested by them in aggregate consisted of (i) 864,000,000 shares of the Company beneficially owned by Prosper International which in turn is beneficially and wholly owned by Tan Sri Barry Goh; and (ii) 344,250,000 shares of the Company beneficially owned by Seeva International which in turn is beneficially and wholly owned by Dato' Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the shares held or deemed to be held by Tan Sri Barry Goh and Dato' Michael Teh in aggregate by virtue of the SFO.

- (2) These percentages are calculated on the basis of 1,800,000,000 shares of the Company in issue as at 30 September 2022.

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 30 September 2022, no corporation or person (not being a Director or the Chief Executive) had any interests or short position in the shares or underlying shares of the Company, which would be required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

## **CHANGE OF DIRECTORS**

There have been changes to the Board composition during the Period and thereafter up to the date of this interim results announcement:

- (a) with effect from 24 June 2022, Datuk Kang Hua Keong has been appointed as an independent non-executive Director ("**INED**"), a member of the audit committee of the Board ("**AC**" or "**Audit Committee**"), a member of the remuneration committee of the Board ("**RC**") and a member of the nomination committee of the Board ("**NC**").
- (b) with effect from 8 April 2022: (1) Tan Sri Dato' Seri Kong Cho Ha tendered his resignation as an INED and ceases to be a chairperson of the NC, a member of the RC and a member of the AC; and (2) Kua Choh Leang, an INED, has been appointed as the chairperson of the NC.

## **SHARE OPTION SCHEME**

The Company has adopted the Share Option Scheme on the Listing Date to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. As at 30 September 2022, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed for the Period. Further details of the Share Option Scheme are set out in the Company's 2022 annual report.

## **PLEDGE OF ASSETS**

The net book value of plant and equipment pledged for long term finance lease as at 30 September 2022 amounted to RM0.04 million compared to RM0.1 million as at 31 March 2022. Certain banking facilities of the Group were secured by the Group's fixed bank deposits of RM37.9 million as at 30 September 2022 compared to RM26.7 million as at 31 March 2022.

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

For the Period and thereafter up to the date of this interim results announcement, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

The Company is committed to maintaining a high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially in the areas of internal control, fair disclosure and accountability to all shareholders of the Company (“**Shareholders**”).

The Company has adopted the code provisions as set out in the Corporate Governance Code set out in Appendix 14 to the Listing Rules (“**CG Code**”) as its own code of corporate governance. For the Period, the Company has complied with the applicable code provisions of the CG Code.

## **DIVIDEND**

The Board has resolved not to recommend the payment of any interim dividend for the Period (Corresponding Period: Nil).

## **EVENT AFTER THE REPORTING PERIOD**

There are no material events subsequent to the end of the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code, throughout the Period.

## **REVIEW OF RESULTS BY THE AC**

The AC was established on 3 July 2017 with specific written terms of reference in compliance with code provision D.3 of the CG Code and Rule 3.22 of the Listing Rules. Such written terms of reference were revised on 8 October 2020 to conform with the requirements under the CG Code and the Listing Rules. The AC has reviewed the unaudited consolidated financial statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.bgmc.asia](http://www.bgmc.asia). The interim report containing all the information required by the Listing Rules will be published on the aforesaid websites and will be despatched to the Shareholders as soon as possible.

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

Malaysia, 18 November 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.*