



**BGMC International Limited**  
**璋利國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立的有限公司)  
(Stock code 股份代號: 1693)

# CONSTRUCTING OUR TOMORROW 共築明天



**INTERIM REPORT**  
中期報告



**2018**



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

**Tan Sri Dato' Sri  
Goh Ming Choon**  
(Chairman)

**Dato' Mohd Arifin bin  
Mohd Arif**  
(Vice-chairman)

**Dato' Teh Kok Lee**  
(Chief Executive Officer)

**Ir. Azham Malik bin  
Mohd Hashim**

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Tan Sri Dato' Seri Kong Cho Ha  
Chan May May  
Ng Yuk Yeung**

#### AUDIT COMMITTEE

**Ng Yuk Yeung** (Chairman)

**Tan Sri Dato' Seri Kong Cho Ha  
Chan May May**

#### REMUNERATION COMMITTEE

**Chan May May** (Chairman)

**Tan Sri Dato' Sri Goh Ming Choon  
Ng Yuk Yeung**

#### NOMINATION COMMITTEE

**Tan Sri Dato' Seri Kong Cho Ha**  
(Chairman)

**Dato' Teh Kok Lee  
Chan May May**

#### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

A-3A-02, Block A, Level 3A  
Sky Park One City  
Jalan USJ 25/1  
47650 Subang Jaya  
Selangor Darul Ehsan  
Malaysia

#### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, 148 Electric Road  
North Point  
Hong Kong

#### REGISTERED OFFICE

**Estera Trust (Cayman) Limited**  
PO Box 1350, Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

#### STOCK CODE

1693

#### COMPANY'S WEBSITE ADDRESS

[www.bgmc.asia](http://www.bgmc.asia)

#### COMPANY SECRETARY

**Kwok Siu Man**, FCIS, FCS

#### AUTHORISED REPRESENTATIVES

**Dato' Teh Kok Lee**

**Kwok Siu Man**, FCIS, FCS

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

**Estera Trust (Cayman) Limited**  
PO Box 1350, Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

##### **Boardroom Share Registrars (HK) Limited**

Room 2103B, 21/F  
148 Electric Road  
North Point  
Hong Kong

#### INDEPENDENT AUDITOR

##### **Deloitte PLT**

Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Malaysia

#### COMPLIANCE ADVISER

##### **Fortune Financial Capital Limited**

Units 4301-8 & 13, 43rd Floor  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

#### LEGAL ADVISER

*As to Hong Kong law*

##### **Kwok Yih & Chan**

Suites 2103-05, 21st Floor  
9 Queen's Road Central  
Hong Kong

#### PRINCIPAL BANKERS

##### **United Overseas Bank Limited**

23/F, 3 Garden Road  
Central  
Hong Kong

##### **DBS Bank (Hong Kong) Limited**

Units 1201 & 1210-18  
12/F, Mira Tower A  
132 Nathan Road  
Tsimshatsui, Kowloon  
Hong Kong

## MANAGEMENT DISCUSSION AND ANALYSIS

The board ("**Board**") of directors ("**Directors**") of BGMC International Limited ("**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively "**Group**" or "**BGMC**") for the six months ended 31 March 2018 ("**1H2018**"), together with the comparative figures for the six months ended 31 March 2017 ("**1H2017**") and other relevant figures.

### Business Review

#### Construction Services Sector

Notwithstanding the decrease in recognition of revenue in 1H2018, the Construction Services sector continued to be BGMC's main revenue contributor, contributing 98.2% or RM306.4 million in 1H2018 as compared to 98.5% or RM353.8 million recorded in 1H2017. The slight decrease in contribution was primarily because progress for most of the projects were still in early stage of completion in all the segments, namely Building and Structure, Earthwork and Infrastructure, Mechanical and

Electrical, Energy Transmission and Distribution even though the Group managed to secure RM792.6 million of new contracts in the financial year ended 30 September 2017 while successfully adding nineteen (19) new projects worth RM244.5 million in contract value as of 1H2018.

As at 31 March 2018, the BGMC's order book for Construction Services sector stood at RM3.6 billion while its outstanding order book stood at RM1.1 billion.

The BGMC's ongoing projects are as follows:

Project Descriptions	Contract Value (RM'000)	Status
D'Pristine Medini: Construction of a mixed development consisting of a 3-storey retail unit, 6-storey parking facilities, a 23-storey office tower, a 28-storey SOHO tower, a 29-storey SOHO tower and a 27-storey hotel tower at Medini Iskandar, Johor, Malaysia.	580,000	Ongoing
The Sky Seputeh: Construction of two blocks of 37-storey towers consisting of 290 units of apartments, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,020	Ongoing
Setia Spice: Construction of a 26-storey building which consists of a 19-storey hotel tower (453 rooms), a 3-storey carpark, 4-storey hotel facilities and a 2-storey basement carpark at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488	Ongoing
The Serini: Construction of two blocks of 38-storey towers consisting of 528 units of apartments, car parks and other facilities at Melawati, Selangor, Malaysia.	178,908	Ongoing
TNB Worker's Quarters: Construction of one block of 8-storey executive quarters (24 units), three blocks of 9-storey non-executive quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.	76,531	Ongoing
V-Residency 5: Construction of a 24-storey tower consisting of apartments and other amenities at Selayang Town, Gombak District, Selangor, Malaysia.	66,850	Ongoing
Melaka Power Plant: Building Works for the Construction of 2,422 megawatt (" <b>mw</b> ") Combined Cycle Gas Turbine (" <b>CCGT</b> ") Power Plant at Kuala Sungai Baru, Alor Gajah, Melaka, Malaysia.	49,853	Ongoing

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Building and Structure**

Leveraging on the amount of contracts of Building and Structures segment we had in hand, this segment was at the forefront of the Construction Services business component, contributing 73.6% or RM245.2 million during the 1H2018.

For 1H2018, all the key projects were still in different stages of completion. Projects such as MSM Warehouse, the Serini Melawati and D'Pristine Medini are close to completion. Meanwhile, those that had started and progressed well are projects such as Sky Seputeh, Setia Spice and V-Residency 5. In the meantime, the Group had also started new projects like the Building Works for the Melaka 2,422mw CCGT Power Plant and the Tenaga Nasional Berhad ("**TNB**") Worker's Quarters.

As at 31 March 2018, BGMC secured four (4) new contracts worth RM163.7 million for this segment such as the Building Works for the Melaka 2,422mw CCGT Power Plant and the TNB Worker's Quarters. BGMC has an outstanding order book of RM799.9 million in this segment.

### **Energy Transmission and Distribution**

For 1H2018, BGMC undertook Energy Transmission and Distribution works that involved the installation of 132 kilovolt ("**kV**") underground cabling systems and the construction of a 275/132kV power substation. This segment has contributed 8.9% or RM29.5 million to BGMC in 1H2018 and it had recorded a healthy growth throughout this period. The increase was made possible with the construction of PMU 275/132kV Tanjung Langsat

which is close to completion while the underground cabling works into PMU MRT Semantan from PMU Damansara City to PMU Brickfield have also made to an advance progress.

With the award of another new contract of 132kV underground cabling installation work from PMU Sri Hartamas to PMU Matrade worth RM15.2 million, this segment had an outstanding order book of RM92.6 million as at 31 March 2018.

### **Mechanical and Electrical**

During the 1H2018, the Mechanical and Electrical segment has contributed RM22.0 million to the revenue of BGMC. It experienced a decrease of 15.4% from RM26.0 million in 1H2017. The segment's proportion to BGMC total revenue was recorded at 6.6% in 1H2018 compared to 6.8% in 1H2017. The decrease is because majority of the projects are still in an early stage of the progress. The segment has eighteen (18) ongoing projects.

As of 31 March 2018, the segment managed to secure twelve (12) new contracts worth RM28.8 million in total and had retained healthy outstanding contracts worth RM160.7 million.

### **Earthwork and Infrastructure**

The Earthwork and Infrastructure Works segment has recorded only RM9.6 million of revenue in 1H2018 or 2.9% of the total revenue. A low outstanding contract sum means that lower amount of construction activities were recorded in 1H2018. There were lower winning rates for the new tenders compared to 1H2017.

Anyway, the segment has managed to secure a new contract in 1H2018 for an amount of RM36.0 million. The contract includes Earthworks, Soil Improvements Works, Instrumentation Works and its Associated Works at Kuala Langat. This new contract has boosted the outstanding order to RM48.5 million in total as of 31 March 2018.

### **Concession and Maintenance Services Sector**

In 1H2018, the Concession segment recorded an imputed interest income of RM21.5 million compared to RM21.8 million in 1H2017. The Maintenance Services segment, on the other hand, contributed RM5.5 million to the overall revenue in 1H2018 beating the RM5.3 million recorded in 1H2017.

The remaining period for our UiTM concession stands at 17 years and 8 months as of 31 March 2018. The outstanding imputed interest income for our Concession segment that is yet to be recognised is therefore calculated at RM853.8 million while the outstanding contract value for the Maintenance Services segment is now recorded at RM189.9 million.

Leveraging on the experience and expertise in the Construction Services sector and the Concession and Maintenance Services sector, BGMC has managed to secure another concession project to construct and develop a large scale solar PV plant ("**LSSPV Plant**") of 30 megawatt alternate current ("**MW a.c.**") at Kuala Muda, Kedah, Malaysia.

BGMC had made voluntary announcements in relation to the

## MANAGEMENT DISCUSSION AND ANALYSIS

winning of the concession project on 12 December 2017, 28 March 2018 and 24 April 2018 respectively. BGMC successfully accepted the letter of award from the Energy Commission of Malaysia while having signed a 21-year power purchase agreement with TNB, the sole electricity distributor in Peninsular Malaysia. The commercial operation date of the LSSPV Plant is scheduled to be on 30 September 2020.

The success of the UiTM BLMT project has helped elevate BGMC's performance in the Concession and Maintenance Services sector and this in turn has enhanced the ability to secure more concessions in the future. In Malaysia, we foresee construction projects to increase, which will also increase the number of concession projects in transportation, road, communications, healthcare, energy and education sectors undertaken by the government of Malaysia. BGMC believes that it is working from a position of strength to capture the concession projects under the Private Finance Initiative ("PFI") programme, which will widen its customer base and at the same time, strengthen its reputation in both Malaysia and the region's construction landscape.

### Future Prospects

Though with the slight drop in the performance during 1H2018, the future is still very promising for BGMC. As there is a strong replenishment of the order book and a high outstanding value in the order books of BGMC, we are confident that BGMC will have a bright prospect. With the newly won concession project to construct and develop a 30 MWa.c. LSSPV plant, it

is foreseeable that the performance will improve for the next 24 to 36 months.

Moving forward, BGMC will optimise productivity and replenish the order books accordingly in the next six (6) months, tender for new projects in the corporate sector, property (residential and commercial) sector, and industrial sector, government-linked projects, support infrastructure projects in Malaysia as well as seize opportunities available elsewhere in the Southeast Asia region. At the same time, BGMC is looking for possible opportunities via strategic partnerships to extend our portfolio and footprint across the region, thereby increasing our market share in the near future.

### Financial Review

#### Revenue

BGMC's strategy to create further income streams from the Construction Services sector as well as the Concession and Maintenance Services sector faced some headwinds in the 1H2018. BGMC experienced a decrease of 13.2% in revenue from RM359.1 million in 1H2017 to RM311.9 million in 1H2018. The overall decrease was mainly due to slower than expected progress of work in some of the newly awarded contracts. The following are the breakdown of each of the segments:

- The Building and Structure segment experienced a decrease in revenue of 8.4% from RM267.7 million in 1H2017 to RM245.2 million in 1H2018 due to delay in the kick-start of some of the newly awarded contracts, for example Sky Seputeh and Spice Hotel. The delay was

due to the readiness and handing over of the construction site to the Company.

- The Energy Transmission and Distribution segment experienced an increase in revenue of 10.5% from RM26.7 million in 1H2017 to RM29.5 million in 1H2018. The higher income resulted from better stage of progress for power substation work at PMU 275/132kV Tanjung Langsat and underground cabling works of PMU MRT Semantan.
- The Mechanical and Electrical segment experienced a decrease in revenue of 15.4% from RM26.0 million in 1H2017 to RM22.0 million in 1H2018. Despite the progress of The Henge project being at a more advance progress stage, thus making a larger contribution to 1H2018, most of the other projects were still in the early stage of progress. While D'Pristine Medini project is nearing its completion, the progress is slower than expected.
- The Earthwork and Infrastructure segment experienced a decrease in revenue of 71.3% from RM33.4 million in 1H2017 to RM9.6 million in 1H2018. The sharp decrease was due to low outstanding contract sum and the failure to secure more similar contracts compared to 1H2017.
- The Concession and Maintenance Services segment experienced a slight decrease in revenue of 0.4% from RM27.1 million in 1H2017 to RM27.0 million in 1H2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Margin

Gross profit reduced to RM44.8 million in 1H2018 from RM65.9 million in 1H2017 whilst the gross margin dropped to 14.4% for 1H2018 from 18.4% in 1H2017. The decreases in gross profit was mainly due to (i) the early stage of progress for most of the projects in hand; and (ii) our wait for the final account and claim settlement of the completed projects. Meanwhile, the reduction in gross margin is due to (i) the increase in the material cost of steel product for the ongoing projects; and (ii) the infant stage of some of the newly awarded contracts.

### Administrative and Other Expenses

Administrative expenses increased from RM31.7 million for 1H2017 to RM37.1 million for 1H2018, mainly due to an increase in staff costs and depreciation. The increase in headcount from 383 as at 31 March 2017 to 431 as at 31 March 2018 contributed to a substantial increase in staff costs as more headcount was required for newly awarded contracts. Overall, the staff costs increased from RM13.5 million in 1H2017 to RM17.7 million in 1H2018.

Higher depreciation charges of RM4.6 million were recorded in 1H2018 as compared to RM3.6 million recognised in 1H2017 due to the increase in the acquisition cost of construction machineries and equipment during the 1H2018.

Appreciation of RM against Hong Kong Dollar (“HKD”) resulted in unrealised foreign exchange loss of RM1.1 million in 1H2018 (1H2017: Nil) arising from

fixed deposits, cash and bank balances denominated in HKD currency.

### Finance Costs

Finance costs increased from RM9.8 million in 1H2017 to RM10.9 million in 1H2018 due to a 25 basis points hike in Malaysia overnight policy rate (“OPR”) with effect from 25 January 2018.

### Income Tax

Effective income tax in 1H2018 was 33.2% compared with 32.1% as recorded in 1H2017.

### Profit Attributable to the Owners of the Company

Based on the above factors, profit attributable to the owners of the Company decreased by RM19.0 million or 58.4% from RM32.6 million in 1H2017 to RM13.6 million in 1H2018.

### Liquidity, Financial Resources and Capital Structure

The gearing ratio improved from 82.2% as at 30 September 2017 to 76.2% recorded as at 31 March 2018 mainly due to an increase in equity attributable to higher accumulated retained earnings and repayment of the term loan instalment for our UiTM BLMT project.

Our cash and cash equivalents as at 31 March 2018 amounted to RM119.9 million compared to RM136.6 million recorded as at 30 September 2017 due to the increase in financing for newly secured projects.

### Treasury Policies

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

### Net Current Assets

As at 31 March 2018, our net current assets amounted to RM238.2 million compared to net current assets of RM241.6 million recorded as at 30 September 2017 due to a decrease in fixed deposits and bank balances to finance new projects.

The Board regularly reviews the maturity analysis of the Group’s contractual liabilities and concluded that there is no liquidity issue that may cast significant doubt on the Company’s ability to continue as a going concern.

### Capital Expenditures

Our capital expenditures mainly consist of procurement of construction machineries such as tower cranes, concrete pumps and aluminium formworks, which were financed by hire purchase, the proceeds from the global offering and internally generated funds. For 1H2018, our acquisition of property, plant and equipment amounted to RM2.3 million which mainly comprised construction machineries and equipment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Foreign Exchange Exposure

The functional currencies of our operations, assets and liabilities are mostly denominated in RM. Therefore, we are not exposed to any significant foreign exchange risk, except for our HKD denominated fixed deposit and bank balances. No hedging financial instruments are employed yet to manage foreign exchange risk.

### Significant Investments Held

The Group did not hold any significant investments during 1H2018.

### Employees and Remuneration Policies

As at 31 March 2018, the Group had a work force of 431 employees compared with 383 employees as at 31 March 2017. Total staff costs incurred in 1H2018 were RM17.7 million as compared to RM13.5 million recorded in 1H2017.

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 programs are also offered.

The Company has adopted a share option scheme ("**Share Option Scheme**") on 9 August 2017 ("**Listing Date**") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. Please refer to "Share Option Scheme" in the section headed "Directors' Report" in the Company's 2017 annual report for further details.

### Use of Net Proceeds from the Listing

The issued ordinary shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on the Listing Date at HK\$0.70 per share. The proceeds (net of listing expenses) were approximately RM143.1 million. In accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 31 July 2017 ("**Prospectus**"), the net proceeds received were applied by the Group from the Listing Date up to 31 March 2018 as follows:

Use of net proceeds	Net proceeds (RM million)	Use of proceeds from the Listing Date up to 31 March 2018 (RM million)	Unused amount (RM million)	Unused amount (Percentage)
Financing for new projects	93.0	23.9	69.1	74.3%
Acquisition of additional machineries and equipment	35.8	9.1	26.7	74.6%
Working capital	14.3	14.3	–	–
<b>Total</b>	<b>143.1</b>	<b>47.3</b>	<b>95.8</b>	<b>66.9%</b>

The unutilised net proceeds will be applied in the manner consistent with that mentioned in the Prospectus. The Directors are not aware of any material change to the planned use of proceeds as at the date of this report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 March 2018, the interests 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**"), as 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), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") were as follows:

#### Interests in the shares of the Company ("**Shares**")

Name of Directors	Capacity/ Nature of interests	Number of Shares	Percentage of shareholding <small>(Note 4)</small>
Tan Sri Dato' Sri Goh Ming Choon (" <b>Tan Sri Barry Goh</b> ") <small>(Note 1)</small>	Interest of a controlled corporation and interests held jointly with another person	1,269,000,000(L)	70.5%
Dato' Teh Kok Lee (" <b>Dato' Michael Teh</b> ") <small>(Note 1)</small>	Interest of a controlled corporation and interests held jointly with another person	1,269,000,000(L)	70.5%
Dato' Mohd Arifin bin Mohd Arif (" <b>Dato' Arifin</b> ") <small>(Note 2)</small>	Interest of a controlled corporation	81,000,000(L)	4.5%

"L" denotes long position

Notes:

- (1) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into a concert party confirmatory deed ("**Concert Party Confirmatory Deed**") to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the Company and the relevant members of the Group since they became shareholders of BGMC Builder 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.

The aggregate 1,269,000,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by Prosper International Business Limited ("**Prosper International**") which is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares beneficially owned by Seeva International Limited ("**Seeva International**") which is beneficially 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 entire issued share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin. Therefore, Dato' Arifin is deemed to be interested in all the 81,000,000 Shares held by Kingdom Base by virtue of the SFO.
- (3) On 16 April 2018, 60,750,000 Shares beneficially owned by Seeva International were transferred to Kingdom Base.
- (4) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 31 March 2018.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Interests in the shares of the associated corporations

Name of Directors	Name of associated corporations	Capacity/ Nature of interests	Number of ordinary shares	Percentage of shareholding
Tan Sri Barry Goh	Prosper International	Beneficial owner	100	100%
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2018, 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

So far as the Directors or the chief executive of the Company are aware of, as at 31 March 2018, the following corporations had interests or short positions in the Shares or underlying Shares, 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 interests	Number of Shares held	Percentage of shareholding <small>(Note 2)</small>
Prosper International <sup>(Note 1)</sup>	Beneficial owner and interests held jointly with another persons	1,269,000,000(L)	70.5%
Seeva International <sup>(Note 1)</sup>	Beneficial owner and interests held jointly with another persons	1,269,000,000(L)	70.5%

"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 Builder and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to "Concert Party Confirmatory Deed" sub-section in the section headed "History, Development and Reorganisation" in the Prospectus.

The aggregate 1,269,000,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by Prosper International which is directly wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares beneficially owned by Seeva International which is directly 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 in issue as at 31 March 2018.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 31 March 2018, no corporation/person (not being a Director or the chief executive of the Company) had any interests or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 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.

### **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 31 March 2018, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed during 1H2018. Further details of the Share Option Scheme are set out in the Company's 2017 annual report.

### **Pledge of Assets**

The net book value of plant and equipment pledged for long term finance lease as at 31 March 2018 amounted to RM33.9 million compared to RM35.9 million as of 30 September 2017. Certain banking facilities of the Group were secured by the Group's bank deposits of RM22.7 million as of 31 March 2018 compared with RM20.1 million as at 30 September 2017.

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

During 1H2018, BGMC had no material acquisitions or disposals of subsidiaries, associates or joint venture.

### **Purchase, Sale or Redemption of Listed Securities**

During 1H2018, the Company did not redeem its listed securities and neither did the Company nor any of its subsidiaries purchase or sell any of such securities.

### **Corporate Governance**

The Board recognises that good corporate governance is essential in enhancing the value of the Shareholders and is committed to maintaining a high standard of business ethics, a healthy corporate culture and good corporate governance practices. The Company has applied and complied with all the applicable code provisions in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules in 1H2018.

### **Dividend**

The Board has taken into consideration, among other factors, the Group's results of operation, financial health and capital requirements, in contemplating the declaration of dividends. The Board has resolved not to declare the payment of an interim dividend for 1H2018.

### **Events After the Financial Period ended 31 March 2018**

Except for the award of a construction contract worth RM273.7 million for the construction and completion of earthworks and basement parking for a mixed development project at Jalan Maarof, Wilayah Persekutuan, Kuala Lumpur on 18 April 2018; and the award of a concession project for the development and construction of a 30 MWa.c. LSSPV plant by the Energy Commission of Malaysia on 24 April 2018, no significant event has occurred affecting the Group since 31 March 2018, being the end of the 1H2018 and up to the date of this report.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 during the 1H2018.

### **Changes in Information of Directors**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company’s 2017 annual report are set out below:

- Mr. Ng Yuk Yeung, an Independent Non-Executive Director, was appointed as an independent non-executive director of Dowway Holdings Limited (stock code: 8403) on 16 May 2018, whose issued shares were expected to be initially listed on the Stock Exchange on 12 June 2018.
- Tan Sri Barry Goh, an Executive Director, was appointed as an executive director of Kingsley Edugroup Limited (stock code: 8105) (“**Kingsley**”) whose shares were initially listed on the Stock Exchange on 16 May 2018. He also serves as a member of the remuneration committee and the nomination committee of the board of directors of Kingsley.
- Ms. Chan May May, an Independent Non-Executive Director, was appointed as an independent non-executive director of Pentamaster International Limited (stock code: 1665) on 19 December 2017. She also serves as a member of the audit committee and the nomination committee of the board of directors.

### **Review of Results by Audit Committee**

The Audit Committee was established on 3 July 2017 with written terms of reference in compliance with code provision C.3 of the CG Code and Rule 3.22 of the Listing Rules. The Audit Committee has reviewed this interim report comprising the unaudited consolidated financial statements of the Group for 1H2018 and has reviewed the applicable accounting standards, the Listing Rules and other applicable legal requirements.

### **Publication of Interim Results and Interim Report**

This interim report of the Company for 1H2018 containing all the information required by the Listing Rules 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).

By order of the Board  
**BGMC International Limited**  
**Tan Sri Dato’ Sri Goh Ming Choan**  
*Chairman and Executive Director*

Subang Jaya, Malaysia, 21 May 2018

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

For the six months period ended 31 March 2018

	Notes	1H2018 RM (Unaudited)	1H2017 RM (Audited)
Revenue	4	311,871,983	359,093,402
Cost of sales		(267,028,758)	(293,185,226)
Gross profit		44,843,225	65,908,176
Income from concession agreement	4	21,530,907	21,838,857
Other income		1,699,267	274,751
Administrative and other expenses		(37,119,671)	(31,743,527)
Finance costs		(10,867,851)	(9,818,035)
<b>Profit before tax</b>	5	<b>20,085,877</b>	46,460,222
Income tax expense	6	(6,673,044)	(14,906,079)
<b>Profit for the year</b>		<b>13,412,833</b>	31,554,143
<b>Other comprehensive income, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>13,412,833</b>	31,554,143
<b>Profit and total comprehensive income for the year attributable to:</b>			
Owners of the Company		13,551,836	32,598,460
Non-controlling interests		(139,003)	(1,044,317)
		<b>13,412,833</b>	31,554,143
<b>Earnings per share</b>			
Basic and diluted (RM sen)	7	<b>0.75</b>	2.41

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	31 March 2018 RM (Unaudited)	30 September 2017 RM (Audited)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	8	46,863,947	49,157,711
Goodwill		9,244,406	9,244,406
Intangible assets		13,790,229	18,462,961
Trade receivables	9	279,122,159	281,422,452
<b>Total Non-Current Assets</b>		<b>349,020,741</b>	358,287,530
<b>Current Assets</b>			
Trade and other receivables, deposits and prepayments	9	176,136,536	190,221,253
Amount due from customers for contract works	10	249,229,793	234,200,657
Fixed deposits		102,800,183	132,591,798
Cash and bank balances		39,738,012	24,056,670
<b>Total Current Assets</b>		<b>567,904,524</b>	581,070,378
<b>Total Assets</b>		<b>916,925,265</b>	939,357,908
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	11	9,862,255	9,862,255
Reserves		331,875,611	331,633,019
Equity attributable to owners of the Company		341,737,866	341,495,274
Non-controlling interests		7,315,048	7,454,051
<b>Total Equity</b>		<b>349,052,914</b>	348,949,325

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

	Notes	31 March 2018 RM (Unaudited)	30 September 2017 RM (Audited)
<b>Non-Current Liabilities</b>			
Obligations under finance leases		<b>13,309,621</b>	19,272,423
Borrowings		<b>214,601,932</b>	223,177,728
Deferred tax liabilities		<b>10,283,127</b>	8,463,083
<b>Total Non-Current Liabilities</b>		<b>238,194,680</b>	250,913,234
<b>Current Liabilities</b>			
Amount due to customers for contract works	10	<b>4,794,704</b>	24,531,615
Trade and other payables	12	<b>283,147,457</b>	256,332,500
Obligations under finance leases		<b>12,025,738</b>	12,564,077
Borrowings		<b>26,188,654</b>	31,617,724
Tax liabilities		<b>3,521,118</b>	14,449,433
<b>Total Current Liabilities</b>		<b>329,677,671</b>	339,495,349
<b>Total Liabilities</b>		<b>567,872,351</b>	590,408,583
<b>Total Equity and Liabilities</b>		<b>916,925,265</b>	939,357,908

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 31 March 2018

	Share capital RM	Share premium RM	Other reserve RM	Retained earnings RM	Total RM	Non- controlling interests RM	Total equity RM
At 1 October 2016 (Audited)	100	-	-	62,919,122	62,919,222	7,164,567	70,083,789
Profit and total comprehensive income for the period	-	-	-	32,598,460	32,598,460	(1,044,317)	31,544,143
Arising from Reorganisation (Notes 11(a) and (b))	(94)	-	94	-	-	-	-
Deemed contribution from equity holders	-	-	65,000,000	-	65,000,000	-	65,000,000
At 31 March 2017 (Audited)	6	-	65,000,094	95,517,582	160,517,682	6,120,250	166,637,932
At 1 October 2017 (Audited)	<b>9,862,255</b>	<b>148,880,345</b>	<b>65,000,094</b>	<b>117,752,580</b>	<b>341,495,274</b>	<b>7,454,051</b>	<b>348,949,325</b>
Profit and total comprehensive income for the period	-	-	-	13,551,836	13,551,836	(139,003)	13,412,833
Dividends paid (Note 14)	-	(13,309,244)	-	-	(13,309,244)	-	(13,309,244)
<b>At 31 March 2018 (Unaudited)</b>	<b>9,862,255</b>	<b>135,571,101</b>	<b>65,000,094</b>	<b>131,304,416</b>	<b>341,737,866</b>	<b>7,315,048</b>	<b>349,052,914</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 31 March 2018

	<b>1H2018</b> <b>RM</b> <b>(Unaudited)</b>	<b>1H2017</b> <b>RM</b> <b>(Audited)</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	<b>20,085,877</b>	46,460,222
Adjustments for:		
Finance costs	<b>10,867,851</b>	9,818,035
Amortisation of intangible assets	<b>4,672,732</b>	4,987,746
Depreciation of property, plant and equipment	<b>4,641,563</b>	3,633,901
Unrealised foreign exchange loss	<b>1,154,212</b>	–
Imputed interest income from trade receivables	<b>(21,530,907)</b>	(21,838,857)
Interest income from bank deposits	<b>(1,302,088)</b>	(254,306)
Operating cash flows before movements in working capital	<b>18,589,240</b>	42,806,741
Decrease/(Increase) in trade and other receivables, deposits and prepayments	<b>37,915,917</b>	(7,393,074)
Increase in amount due from customers for contract works	<b>(15,029,136)</b>	(68,819,152)
Increase in trade and other payables	<b>6,814,957</b>	45,270,925
Decrease in amount due to customers for contract works	<b>(19,736,911)</b>	(20,761,527)
Net cash generated from/(used in) operations	<b>28,554,067</b>	(8,896,087)
Income tax paid	<b>(15,781,315)</b>	(4,530,149)
Net cash from/(used in) operating activities	<b>12,772,752</b>	(13,426,236)
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>1,302,088</b>	254,306
Purchase of property, plant and equipment	<b>(2,347,799)</b>	(670,203)
Advances to related parties	–	(94,645)
Repayment from related parties	–	2,281,710
Placement of restricted bank balances	<b>(10,700,400)</b>	(18,090,286)
Withdrawal of restricted bank balances	–	19,186,578
Placement of fixed deposits	<b>(2,538,534)</b>	(18,543,004)
Withdrawal of fixed deposits	<b>10,669,886</b>	3,780,000
Net cash used in investing activities	<b>(3,614,759)</b>	(11,895,544)

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 31 March 2018

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
<b>FINANCING ACTIVITIES</b>		
Interest paid	<b>(10,867,851)</b>	(9,818,035)
Repayment of borrowings	<b>(12,188,099)</b>	(22,495,794)
Repayment of obligations under finance leases	<b>(6,501,141)</b>	(2,956,733)
(Decrease)/Increase in bank overdrafts	<b>(1,816,767)</b>	7,456,681
Advances from a related party	<b>20,000,000</b>	–
Repayment to related parties	–	(36,820)
Advances from Directors	–	1,991,976
Dividends paid	<b>(13,309,244)</b>	–
Net cash used in financing activities	<b>(24,683,102)</b>	(25,858,725)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(15,525,109)</b>	(51,180,505)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>136,561,660</b>	70,766,819
Effect of foreign exchange rates	<b>(1,154,212)</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>119,882,339</b>	19,586,314

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 November 2016. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's headquarters and principal place of business are both located at A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia. The Company has established its place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are the provision of a wide range of construction services in Malaysia.

The consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is also the functional currency of the Company. The Company's shares were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 9 August 2017 ("**Listing Date**").

## 2. GROUP REORGANISATION AND BASIS OF PREPARATION

In preparation for the initial listing of the shares of the Company on the Hong Kong Stock Exchange ("**Global Offering**"), the Group underwent a reorganisation ("**Reorganisation**") as described below.

The Reorganisation involved the setting up of the Company and BGMC Malaysia Limited ("**BGMC Malaysia**"). BGMC Malaysia was interspersed between BGMC Builder Sdn. Bhd. ("**BGMC Builder**") and its then shareholders comprising Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**"), Dato' Teh Kok Lee ("**Dato' Michael Teh**") and Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**"), who are also the Directors, (collectively the "**Controlling Shareholders**") on 6 December 2016, and then the Company was interspersed between BGMC Malaysia and its Controlling Shareholders on the same day. Thereafter, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from this Reorganisation is regarded as a continuing entity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the years or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position of the Group as at 30 September 2017 and 31 March 2018 present the assets and liabilities of the companies comprising the Group which had been incorporated on those dates and as if the current group structure had been in existence as at those dates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

For the purpose of preparing and presenting the consolidated financial statements for the 1H2018, the Group has consistently applied all new and revised IFRSs, International Accounting Standards (“IAS”), amendments and interpretations (“**new and revised IFRSs**”) issued by the International Accounting Standards Board (“IASB”) which are effective for annual accounting periods beginning on or after 1 October 2017 throughout the period.

#### Adoption of New and Revised IFRSs

In the current financial period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for annual accounting periods beginning on or after 1 October 2017 as follows:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle

#### New and amendments to IFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and revised IFRSs and interpretations that have been issued but not yet effective:

IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
IFRS 16	Leases <sup>2</sup>
IFRS 17	Insurance Contracts <sup>3</sup>
IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Clarification to IFRS 15	Revenues from Contracts with Customers <sup>1</sup>
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts <sup>1</sup>
Amendments to IFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement <sup>2</sup>
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to IAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined by IASB

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENT INFORMATION

The Group is principally engaged in the provision of a wide range of construction services in Malaysia.

#### (a) Revenue

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Construction contract revenue	<b>306,421,545</b>	353,810,932
Supply and installation of elevators	<b>30,778</b>	–
Building maintenance service income	<b>5,419,660</b>	5,282,470
	<b>311,871,983</b>	359,093,402

#### (b) Income from a concession agreement

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Income from concession agreement – imputed interest income	<b>21,530,907</b>	21,838,857

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENT INFORMATION (CONTINUED)

#### (c) Segment information

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

Specifically, the Group's operating and reportable segments under IFRS 8 "Operating Segments" are as follows:

- (i) Building and structure – provision of construction services in building and structure construction works;
- (ii) Energy transmission and distribution – 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) Earthwork and infrastructure – provision of construction services in earthwork and infrastructure construction works; and
- (v) 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 infrastructure.

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





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENT INFORMATION (CONTINUED)

#### (c) Segment information (Continued)

##### *Other entity-wide segment information (Continued)*

##### *For the six months period ended 31 March 2017 (Audited) (Continued)*

	Building and structure RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Unallocated RM	Consolidated RM
Additions of property, plant and equipment	9,136,955	910,488	32,330	76,480	-	-	-	10,156,253
Amortisation of intangible assets	3,285,699	327,416	451,757	685,205	237,669	-	-	4,987,746
Depreciation of property, plant and equipment	2,322,074	231,392	41,866	942,439	96,130	-	-	3,633,901

The total segment revenue can be reconciled to the revenue as presented in the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Total segment revenue	<b>388,386,574</b>	393,725,602
Less: Inter-segment revenue	<b>(54,983,684)</b>	(12,793,343)
Less: Income from a concession agreement	<b>(21,530,907)</b>	(21,838,857)
Revenue as presented in consolidated statement of profit or loss and other comprehensive income	<b>311,871,983</b>	359,093,402

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Staff costs	<b>17,674,331</b>	13,510,328
Amortisation of intangible assets	<b>4,672,732</b>	4,987,746
Depreciation of property, plant and equipment	<b>4,641,563</b>	3,633,901
Directors' emoluments	<b>1,504,251</b>	254,950
Realised foreign exchange loss	<b>1,334,827</b>	–
Unrealised foreign exchange loss	<b>1,154,212</b>	–
Minimum lease payments paid under operating leases in respect of office premises	<b>327,971</b>	245,141
Auditors' remuneration	<b>270,000</b>	115,000
Listing expenses (included in administrative and other expenses)	<b>58,748</b>	3,030,971
Imputed interest income from trade receivables	<b>(21,530,907)</b>	(21,838,857)
Interest income from bank deposits	<b>(1,302,088)</b>	(254,306)
Bad debts previously written off recovered in current year	<b>(356,047)</b>	–

### 6. INCOME TAX EXPENSE

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Malaysia Corporate Income Tax:		
Current period	<b>4,853,000</b>	10,427,026
Underprovision in prior period	–	1,650,530
	<b>4,853,000</b>	12,077,556
Deferred tax	<b>1,820,044</b>	2,828,523
	<b>6,673,044</b>	14,906,079

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. EARNINGS PER SHARE

	<b>1H2018 (Unaudited)</b>	<b>1H2017 (Audited)</b>
Basic and diluted (RM sen)	<b>0.75</b>	2.41

#### Basic and diluted

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

	<b>1H2018 RM (Unaudited)</b>	<b>1H2017 RM (Audited)</b>
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	<b>13,551,836</b>	32,598,460
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share: At beginning and end of period	<b>1,800,000,000</b>	1,350,000,000

The weighted average number of ordinary shares in issue during 1H2017 was based on the assumption that 1,350,000,000 shares of the Company were in issue, comprising 1,000 shares in issue and 1,349,999,000 shares issued pursuant to the capitalisation issue had been effective from 2 July 2015 (the date of incorporation of BGMC Builder) to the end of the period.

There is no diluted earnings per share as there is no potential dilutive share during both periods.

### 8. PROPERTY, PLANT AND EQUIPMENT

During 1H2018, the Group acquired items of property, plant and equipment for RM2.3 million (1H2017: RM10.2 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	<b>31 March 2018 RM (Unaudited)</b>	<b>30 September 2017 RM (Audited)</b>
Trade receivables:		
Third parties	<b>337,752,168</b>	350,018,810
Related parties	<b>9,744,825</b>	28,855,867
	<b>347,496,993</b>	378,874,677
Retention receivables:		
Third parties	<b>41,567,413</b>	36,661,593
Related parties	<b>38,086,078</b>	32,048,501
	<b>79,653,491</b>	68,710,094
Other receivables:		
Third parties	<b>15,797,404</b>	13,576,757
Related parties	<b>5,491</b>	5,491
	<b>15,802,895</b>	13,582,248
Refundable deposits	<b>7,361,061</b>	5,645,381
Prepaid expenses	<b>2,074,983</b>	3,393,996
Goods and services tax receivable	<b>2,869,272</b>	1,437,309
	<b>455,258,695</b>	471,643,705

Note: Included in trade receivables are receivables from a concession agreement amounted to RM283,573,163 (30 September 2017: RM286,617,093) as at 31 March 2018.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

The following is an aged analysis of trade receivables (excluding receivables arising from the concession agreement) presented based on the invoice date at the end of each reporting period.

	<b>31 March 2018 RM (Unaudited)</b>	<b>30 September 2017 RM (Audited)</b>
0-30 days	<b>23,203,607</b>	56,386,639
31-90 days	<b>8,164,700</b>	18,531,742
Over 90 days	<b>32,555,523</b>	17,339,203
	<b>63,923,830</b>	92,257,584

### 10. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	<b>31 March 2018 RM (Unaudited)</b>	<b>30 September 2017 RM (Audited)</b>
Contract costs incurred to date	<b>2,159,169,971</b>	1,936,211,121
Recognised profits less recognised losses	<b>318,476,788</b>	296,364,541
	<b>2,477,646,759</b>	2,232,575,662
Less: Progress billings received and receivable	<b>(2,233,211,670)</b>	(2,022,906,620)
	<b>244,435,089</b>	209,669,042
Analysed for reporting purposes as:		
Amount due from customers for contract works	<b>249,229,793</b>	234,200,657
Amount due to customers for contract works	<b>(4,794,704)</b>	(24,531,615)
	<b>244,435,089</b>	209,669,042

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. SHARE CAPITAL

The share capital as at 30 September 2017 and 31 March 2018 represented the share capital of the Company following the completion of the Reorganisation on 6 December 2016 with details as follows:

	Number of shares	Amount HK\$	Amount RM
<b>Ordinary shares of HK\$0.01 each</b>			
<b>Authorised:</b>			
As at 18 November 2016			
(the "Date of Incorporation") (Note a)	30,000,000	300,000	
Increase in shares (Note c)	4,970,000,000	49,700,000	
<b>As at 30 September 2017/1 October 2017 and 31 March 2018</b>	<b>5,000,000,000</b>	<b>50,000,000</b>	
<b>Issued and fully paid:</b>			
As at 18 November 2016			
(Date of Incorporation) (Note a)	100	1	1
Arising from Reorganisation (Note b)	900	9	5
Capitalisation issue (Note d)	1,349,999,000	13,499,990	7,396,685
Issue of shares in connection with Global Offering (Note e)	450,000,000	4,500,000	2,465,564
<b>As at 30 September 2017/1 October 2017 and 31 March 2018</b>	<b>1,800,000,000</b>	<b>18,000,000</b>	<b>9,862,255</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 11. SHARE CAPITAL (CONTINUED)

Notes:

- (a) On 18 November 2016, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK\$300,000 comprising 30,000,000 ordinary shares of HK\$0.01 each and paid up share capital of HK\$1 (equivalent to RM1) comprising 100 ordinary shares of HK\$0.01 issued to the Controlling Shareholders.
- (b) Pursuant to the Reorganisation on 6 December 2016, the issued and fully paid-up share capital of the Company was increased from HK\$1 (equivalent to RM1) comprising 100 ordinary shares of HK\$0.01 each to HK\$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK\$0.01 each by way of issuance of 900 shares to the Controlling Shareholders in exchange for shares owned by them in BGMC Builder for the purpose of interspersing between BGMC Builder and the Controlling Shareholders as disclosed in Note 2.
- (c) On 3 July 2017, pursuant to the written resolution of shareholders of the Company ("**Shareholders**"), the authorised share capital was increased to HK\$50,000,000 divided into 5,000,000,000 ordinary shares of a par value of HK\$0.01 each.
- (d) Pursuant to a written resolution of the Shareholders passed on 20 July 2017, the allotted and issued share capital of the Company was increased from HK\$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK\$0.01 each to HK\$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares by way of issuance of 1,349,999,000 new ordinary shares of HK\$0.01 each amounting in total to HK\$13,499,990 (equivalent to RM7,396,685) to the Controlling Shareholders. This resolution was conditional on the share premium being credited as a result of the Global Offering and pursuant to this resolution, a sum of HK\$13,499,990 (equivalent to RM7,396,685) standing to the credit of the share premium account was to be capitalised to pay up in full at par for the shares allotted and issued.
- (e) Following the completion of the Global Offering on the Listing Date, the Company's issued shares were successfully listed on the Stock Exchange. The issued and fully paid-up share capital of the Company was increased from HK\$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares to HK\$18,000,000 (equivalent to RM9,862,255) comprising 1,800,000,000 ordinary shares by way of issuance of 450,000,000 new ordinary shares at a price of HK\$0.70 per share amounting to HK\$315,000,000 (equivalent to RM172,589,445) to the public. Part of the proceeds received from the Global Offering amounting to HK\$13,499,990 (equivalent to RM7,396,685) were then capitalised standing to the credit of the share premium account to pay up in full at par for the shares allotted and issued to the Controlling Shareholders as disclosed in Note 11(d).

Certain listing expenses from the Global Offering amounting to RM13,846,851 are being offset against the share premium.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE AND OTHER PAYABLES

	<b>31 March 2018 RM (Unaudited)</b>	<b>30 September 2017 RM (Audited)</b>
Trade payables:		
Third parties	<b>142,883,179</b>	155,141,097
Related parties	<b>14,382,257</b>	14,999,045
	<b>157,265,436</b>	170,140,142
Retention sum payables:		
Third parties	<b>27,345,375</b>	22,753,441
Related parties	<b>12,768,676</b>	12,550,865
	<b>40,114,051</b>	35,304,306
Other payables:		
Third parties	<b>2,809,031</b>	5,826,546
Related party*	<b>20,000,000</b>	–
	<b>22,809,031</b>	5,826,546
Accruals	<b>62,958,939</b>	45,061,506
	<b>283,147,457</b>	256,332,500

\* Represents advance payment received from a related party for the purpose of to purchase construction materials.

The following is an aged analysis of trade payables based on the invoice date at the end of each reporting period:

	<b>31 March 2018 RM (Unaudited)</b>	<b>30 September 2017 RM (Audited)</b>
0–30 days	<b>51,971,235</b>	60,163,172
31–90 days	<b>39,396,139</b>	58,607,308
Over 90 days	<b>65,898,062</b>	51,369,662
	<b>157,265,436</b>	170,140,142

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. RELATED PARTY TRANSACTIONS

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

	<b>31 March 2018 RM (Unaudited)</b>	<b>31 March 2017 RM (Audited)</b>
Construction revenue from related parties	<b>159,743,410</b>	170,342,767
Construction cost paid to related parties	<b>5,063,302</b>	7,362,099
Rental of office premises to a related party	<b>372,177</b>	219,505
Other expenses paid to related parties	<b>112,181</b>	160,400

### 14. DIVIDENDS

A final dividend in respect of the financial year ended 30 September 2017 of HK\$0.015 per ordinary share, in an aggregate amount of HK\$27,000,000 (RM13,309,244) has been proposed by the Board on 28 December 2017 and approved by the Shareholders in the annual general meeting on 26 February 2018. The final dividend has been paid through distribution of the Company's share premium on 27 March 2018.

The Board does not recommend the payment of an interim dividend for the six months period ended 31 March 2018 (1H2017: Nil).

**BGMC International Limited**

**璋利國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號：1693)

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