
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **BGMC International Limited**, you should at once hand this circular and the proxy form to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

CONTINUING CONNECTED TRANSACTIONS
(1) RENEWAL OF THE EXISTING MASTER EXA AGREEMENT
(2) RENEWAL OF THE EXISTING MASTER B&G
CONSTRUCTION AGREEMENT
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 21 of this circular. A letter from the Independent Board Committee is set out on pages 22 to 23 of this circular. A letter from the Independent Financial Adviser (containing its advice to the Independent Board Committee and the Independent Shareholders) is set out on pages 24 to 43 of this circular.

A notice convening the EGM of the Company to be held at 10:00 a.m. on Monday, 18 November 2019 at Horizon 2, Level R@ Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia is set out on pages 50 to 51 of this circular. A form of proxy for use for the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the forthcoming EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such case, the form of proxy shall be deemed to be revoked.

29 October 2019

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
INTRODUCTION	5
RENEWAL OF THE EXISTING MASTER EXA AGREEMENT	5
RENEWAL OF THE EXISTING MASTER B&G CONSTRUCTION AGREEMENT	10
INTERNAL CONTROL MEASURES	15
REASONS AND BENEFITS OF THE TRANSACTIONS	17
GENERAL INFORMATION	18
LISTING RULES IMPLICATIONS	18
EGM	19
RECOMMENDATION	20
ADDITIONAL INFORMATION	21
WARNING NOTICE	21
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	22
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	24
APPENDIX I — GENERAL INFORMATION	44
NOTICE OF EGM	50

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Announcement”	the announcement of the Company dated 10 September 2019 in relation to, among other things, the renewal of the Existing Master EXA Agreement and the renewal of Existing Master B&G Construction Agreement
“B&G Capital”	B&G Capital Resources Berhad, a company incorporated in Malaysia under the Companies Act 1965 with limited liability
“B&G Capital Group”	B&G Capital and its subsidiaries
“B&G Construction Services”	the provision of construction services by the Group to B&G Capital in relation to B&G Capital Group’s construction projects in Malaysia, which include but not limited to carrying out the construction works in accordance with the given specifications and building plans as well as supply of labour, materials, machineries and tools for the construction works projects
“Board”	the board of directors of the Company
“Company”	BGMC International Limited (璋利國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 18 November 2016 whose shares are listed on the Stock Exchange
“connected person(s)”	has the meaning given to it under the Listing Rules
“Controlling Shareholder”	has the meaning given to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider, among other things, and if thought fit, approve the New Master EXA Agreement, the New Master B&G Construction Agreement, and the transactions contemplated thereunder, or any adjournment thereof
“Electrical Works”	the electrical works sub-contracted by the Group to EXA Power which include, but not limited to, the supply material, equipment, labour and tools for the complete installation of electrical services in accordance with relevant drawings and specifications

DEFINITIONS

“EXA Power”	EXA Power Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 of Malaysia with limited liability
“Existing Master B&G Construction Agreement”	the master construction agreement entered into between the Company and B&G Capital on 3 July 2017 for the provision of the B&G Construction Services by the Group to B&G Capital for the construction projects of B&G Capital Group in Malaysia from 9 August 2017 to 30 September 2019
“Existing Master EXA Agreement”	the master sub-contracting agreement entered into between the Company and EXA Power on 3 July 2017 for the sub-contracting of the Electrical Works by the Group to EXA Power from 9 August 2017 to 30 September 2019
“FY2017”	the financial year ended 30 September 2017
“FY2018”	the financial year ended 30 September 2018
“FY2019”	the financial year ending 30 September 2019
“FY2020”	the financial year ending 30 September 2020
“FY2021”	the financial year ending 30 September 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors to be established for the purpose of giving a recommendation to the Independent Shareholders on the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Grand Moore Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder together with the relevant annual caps

DEFINITIONS

“Independent Shareholder(s)”	any Shareholder that is not required to abstain from voting at the EGM
“Latest Practicable Date”	24 October 2019, being the latest practicable date to ascertain certain information contained herein before the printing of this circular
“Listing Date”	the date of which the shares of the Company are listed on the Stock Exchange, being 9 August 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master B&G Construction Agreement”	the conditional master construction agreement entered into between the Company and B&G Capital on 10 September 2019 for the provision of the B&G Construction Services by the Group to B&G Capital for a term of one year from 1 October 2019 to 30 September 2020
“New Master EXA Agreement”	the conditional master sub-contracting agreement entered into between the Company and EXA Power on 10 September 2019 for the sub-contracting of the Electrical Works by the Company to EXA Power for a term of two years from 1 October 2019 to 30 September 2021
“percentage ratios”	as defined under Rule 14.07 of the Listing Rules
“Prospectus”	the prospectus of the Company dated 31 July 2017
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“SFO”	The Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

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

Registered Office:

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

*Headquarter 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

29 October 2019

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) RENEWAL OF THE EXISTING MASTER EXA AGREEMENT
(2) RENEWAL OF THE EXISTING MASTER B&G
CONSTRUCTION AGREEMENT
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement in relation to, among others, the continuing connected transactions contemplated under the New Master EXA Agreement and the New Master B&G Construction Agreement.

As stated in the Announcement, the Company will issue a circular to the Shareholders to provide further information about the aforesaid matters.

The purpose of this circular is to provide you with, among others, (i) further details of the transactions contemplated under the New Master EXA Agreement and the proposed annual caps for FY2020 and FY2021; (ii) further details of the transactions contemplated under the New Master B&G Construction Agreement and the proposed annual cap for FY2020; (iii) the recommendations from the Independent Board Committee; (iv) the advice from the Independent Financial Adviser; and (v) a notice of EGM.

RENEWAL OF THE EXISTING MASTER EXA AGREEMENT

The Existing Master EXA Agreement has expired on 30 September 2019. In view of the on-going and new constructions projects on hand and to continue to regulate the provision of Electrical Works by EXA Power to the Group, the Company and EXA Power have on 10 September 2019 entered into the New Master EXA Agreement to renew the Existing Master EXA Agreement.

The New Master EXA Agreement

The principal terms of the New Master EXA Agreement are as follows:

- Date : 10 September 2019
- Parties : (1) The Company
- (2) EXA Power

As at the Latest Practicable Date, EXA Power was owned as to approximately 70.0% by Wong Zheng Kai, a brother-in-law of Dato' Teh Kok Lee, our executive Director, Chief Executive Officer and Controlling Shareholder, and approximately 30.0% by Lee Chiew Yen, a sister-in-law of Dato' Teh Kok Lee.

LETTER FROM THE BOARD

- Services : EXA Power will provide the Electrical Works to the Company in relation to the Group's construction projects in Malaysia.
- Condition precedent : The New Master EXA Agreement is conditional on the approval of the Independent Shareholders.
- Term : The New Master EXA Agreement will be effective as at 1 October 2019 if the condition precedent is fulfilled and will continue thereafter for a term expiring on 30 September 2021.

Proposed Annual Caps and Basis of Determination

Set out below are the proposed annual caps under the New Master EXA Agreement for each of FY2020 and FY2021, respectively:

	FY2020 <i>(RM' million)</i>	FY2021 <i>(RM' million)</i>
Annual transaction amount cap	21.4	2.5

In determining the above annual caps, the Company has considered, among other factors, (i) the historical transaction amounts for the purchase of Electrical Works provided by EXA Power; (ii) the expected demand for Electrical Works services in the upcoming years in view of the business development of the Group; (iii) the estimated contract value and any payment arrangement of projected new construction projects to be entered into by us; and (iv) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group has two existing construction projects (namely, the Seputeh (Podium) Project and the Selayang Project) and three new construction projects (namely, the Seputeh (Tower) Project, the Kuala Berang Project and the Teluk Intan Project) of which the Group would require Electrical Works to be provided by EXA Power. Details of the construction projects are set out below:

		Background	Nature of Services	Date of Agreement	Consideration/ Contract Sum	Expected Completion Date
1.	The Seputeh (Podium) Project	A residential construction project located in Kuala Lumpur, Malaysia	Electrical and mechanical services	1 May 2018	RM5,488,524	August 2020
2.	The Seputeh (Tower) Project	A residential construction project located in Kuala Lumpur, Malaysia	Electrical and mechanical services	1 February 2019	RM6,590,512	N/A as relevant work is yet to commence
3.	The Kuala Berang Project	A residential construction project located in Terengganu, Malaysia	Electrical and mechanical services	28 February 2019	RM2,098,800	N/A as relevant work is yet to commence
4.	The Teluk Intan Project	A residential construction project located in Perak, Malaysia	Electrical and mechanical services	1 March 2019	RM9,942,956	N/A as relevant work is yet to commence
5.	The Selayang Project	A residential construction project located in Selangor, Malaysia	Electrical and mechanical services	27 April 2018	RM2,850,000	March 2020

In determining our estimated demand for the Electrical Works to be provided by EXA Power to the Group for FY2020 and FY2021, we have considered the following:

- (a) the actual progress of the Seputeh (Podium) Project and the Selayang Project (which were originally expected to be completed by September 2019) of the Group has fallen behind schedule, resulting in an increase in the corresponding demand for Electrical Works in FY2020 from the previously expected amount (of approximately RM nil, given that it was originally expected that these two construction projects would have

LETTER FROM THE BOARD

been completed by September 2019 and hence no demand for Electrical Works in FY2020 for these two construction projects was originally expected) by approximately RM4.1 million;

- (b) the commencement of the three new construction projects, resulting in an increase in the corresponding demand for Electrical Works in FY2020 from previously expected amount (of approximately RM11.4 million) to approximately RM16.3 million; and
- (c) the significant decrease in the proposed annual cap amount for FY2021 when comparing with that of FY2020 is primarily due to the estimated completion of two new construction projects and the two existing construction projects.

Historical Transaction Amounts

The historical transaction amounts of the transactions contemplated under the Existing Master EXA Agreement for FY2017 and FY2018 were RM8.1 million and RM1.6 million, respectively. The transaction amount of the transactions contemplated under the Existing Master EXA Agreement for the period from 1 October 2018 to the Latest Practicable Date was approximately RM2.4 million.

The annual caps under the Existing Master EXA Agreement were RM10.0 million, RM5.5 million and RM3.0 million for FY2017, FY2018 and FY2019, respectively.

Procurement Policy and Procedures

The terms of the Electrical Works sub-contracted have been arrived at after arm's length negotiation between the Company and EXA Power and with reference to the prevailing market terms chargeable by other providers comparable with EXA Power. To ensure that the transactions under the New Master EXA Agreement will also be conducted on normal commercial terms, and on terms no less favourable than terms available from independent parties, the Group, prior to the entering of the New Master EXA Agreement, adopted and applied the procurement policy and procedures (under which EXA Power was selected) as described below:

- (a) after understanding the requirements of the Group's customers in respect of the construction projects, our contract department (the "**Contract Department**") provides a complete set of detailed specifications, drawings, bills of quantities and schedules of rates for the services required, in identical, to at least three potential sub-contracting vendors, including at least two independent vendors, who have the capabilities to provide sub-contracting services, for them to provide quotations to the Group. The quotations, which list out each of the construction items and materials based on the developer's standards and/or the specifications given by the Group, are provided by the sub-contracting vendors based on the job scope of each construction project and given that each construction project is unique as they have different project size, nature, scope of work and requirements, there is no government-prescribed or guided price for the provision of such services and no two construction projects may be considered and compared side-by-side in this regard. The potential sub-contracting

LETTER FROM THE BOARD

vendors are selected to provide quotations based on their size, capabilities, past experience, quality of proposed products and services and price and, in particular, the Group will first consider selecting sub-contracting vendors whom it has previously worked with and have good track record for them to provide quotations. In assessing the quality of work of the sub-contracting vendors, reference is made to the certifications awarded to them and if the Group has previously worked with the sub-contracting vendors, the internal progress and assessment reports on their work done;

- (b) the Contract Department then reviews the quotations received from the potential sub-contracting vendors and compares them in a standard comparison format. The quotations on every construction item and material will be compared under this standard comparison format. In making the comparison, the Contract Department also makes reference to quotes previously submitted by the sub-contracting vendors for similar projects, as well as the budget prepared internally in relation to the construction project. Through this comparison process, the Contract Department is able to determine and assess if the quotations received are on normal commercial terms and whether the quotations given by any connected party is on terms no less favourable than those provided by independent parties. Further, by making reference to the internal budget, which is prepared based on the Group's estimated costs of the construction project, the Contract Department is able to assess if the quotations received are within the budgeted costs of the Group and the market range. The Contract Department also assesses the technical proposals and other terms and conditions of the quotations to ensure they meet the requirements of the Group;
- (c) based on the comparison and assessment results, the Contract Department then recommends the most suitable quotation to the relevant authorised personnel for approval. Depending on the project size, such authorised personnel may include the project director, the chief executive officer and the executive directors of the Company;
- (d) if the recommendation is approved by the relevant authorised personnel, the Contract Department then issues a letter of award to the selected sub-contracting vendor. The letter of award is prepared by the contract executive and reviewed by the contract manager and the project director, before the same is signed by the Chief Executive Officer for issue. The review process ensures that the terms and conditions of the award are on normal commercial terms and where the awards are given to connected parties, on terms no less favourable than those available from independent parties; and
- (e) the finance division of the Group keeps monitoring and maintaining the records of the above procedures (a) to (d) and ensures that such records are available for review by the Board as and when required; and the project divisions of the Group report the financial information of every project to the management on a monthly basis. This monthly reporting serves not only as an update but also ensure that the relevant transactions are carried out in accordance with the agreement terms (including the relevant annual caps). If it is anticipated that the annual caps may be exceeded and if the Group is to continue to carry out the transactions, the Group will take all

LETTER FROM THE BOARD

appropriate steps in advance to comply with the relevant requirements under the Listing Rules, including seeking to revise the relevant annual caps. Internal auditors of the Group also review the above procedures and the relevant documents during the performance of internal audits.

The above procurement policy and procedures serve to ensure that no preferential treatment is given to any connected persons of the Company by the Contract Department. In particular, the same set of documents are provided to all potential sub-contracting vendors for quotation purposes and the quotations received are compared against a standard quotation comparison format with a standard set of selection and assessment criteria. Also, the Contract Department's recommendation is reviewed and approved by the authorised personnel, which may, depending on the project size, include multiple personnel from different levels within the Group.

In addition and as described in more details in the section headed "*Internal Control Measures*" below, all employees (including those from the Contract Department) are required by the Employee Handbook of the Company to declare any existing or potential conflict of interest pertaining to their duties; and conflicted employees are prohibited from handling, reviewing and/or approving the relevant transactions. By preventing conflicted employees from handling the relevant transactions, the chance of any employees from the Contract Department offering preferential treatment to connected persons could be avoided and minimised.

Accordingly, notwithstanding the absence of specific pricing terms in the New Master EXA Agreement, the Directors are of the view that, given the procedures adopted as described above allow standard and comprehensive comparison between the pricing terms offered by EXA Power and that of market standards, they can ensure the fairness and reasonableness of the pricing terms of the New Master EXA Agreement.

In the circumstances where the approval of the Independent Shareholders for the New Master EXA Agreement could not be obtained by 1 October 2019, the Company would ensure that there shall be no receipt of Electrical Works from EXA Power to the Company and no related costs shall be incurred by the Company in this regard. This understanding has also been communicated to EXA Power.

RENEWAL OF THE EXISTING MASTER B&G CONSTRUCTION AGREEMENT

The Existing Master B&G Construction Agreement has expired on 30 September 2019. In view of the delay of an on-going construction project which is scheduled to be completed in FY2020 and to continue to regulate the provision of the B&G Construction Services by the Group to B&G Capital, the Company and B&G Capital have on 10 September 2019 entered into the New Master B&G Construction Agreement to renew the Existing Master B&G Construction Agreement.

The New Master B&G Construction Agreement

The principal terms of the New Master B&G Construction Agreement are as follows:

LETTER FROM THE BOARD

Date : 10 September 2019

Parties : (1) The Company
(2) B&G Capital

As at the Latest Practicable Date, B&G Capital was owned as to approximately 22.6% by Tan Sri Dato' Sri Goh Ming Choon, our Chairman, executive Director and Controlling Shareholder, and 77.4% by Syapurna Sdn. Bhd., which is owned as to 100% by Tan Sri Dato' Sri Goh Ming Choon.

Services : The Company will provide the B&G Construction Services to B&G Capital in relation to B&G Capital Group's construction projects in Malaysia.

Condition precedent : The New Master B&G Construction Agreement is conditional on the approval of the Independent Shareholders.

Term : The New Master B&G Construction Agreement will be effective as at 1 October 2019 if the condition precedent is fulfilled and will continue thereafter for a term expiring on 30 September 2020.

Proposed Annual Cap and Basis of Determination

Set out below is the proposed annual cap under the New Master B&G Construction Agreement for FY2020:

	FY2020 <i>(RM' million)</i>
Annual transaction amount cap	70.0

In determining the above annual cap, the Company has considered, among other factors, (i) the historical transaction amounts for the provision of B&G Construction Services by the Group to B&G Capital; (ii) the expected demand for the B&G Construction Services in FY2020 in view of the business development of the Group; (iii) the estimated contract value and any payment arrangement of on-going project of the Group; and (iv) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group is providing the B&G Construction Services to B&G Capital in relation to two construction projects (namely, the D Pristine Medini Project and the Selayang (VR 5) Project). The Group succeeded in getting the two construction projects awarded to it by B&G Capital after the tender process back in 2014 and 2016, respectively. Details of the two construction projects are set out below:

	Background	Nature of Services	Date of Agreement	Consideration/ Contract Sum	Expected Completion Date	
1.	The D Pristine Medini Project	A construction project for an office tower and a shopping mall located in Johor Bahru, Malaysia	Main contractor for the provision of construction work and supply of labour, materials, machinery and tools	1 March 2014	RM580,000,000	December 2020
2.	The Selayang (VR 5) Project	A residential construction project located in Selangor, Malaysia	Main contractor for the provision of construction work and supply of labour, materials, machinery and tools	10 October 2016	RM66,850,000	April 2020

In determining the estimated demand for the B&G Construction Services to be provided by our Group for FY2020, we have considered the remaining revenue in the amount of approximately RM70.0 million expected to be recognised by the Group under the existing construction projects with B&G Capital Group (which was calculated with reference to the approved forecasted figures) scheduled to be completed by 30 September 2020.

As described in more details in the section headed “Tendering Policy and Procedures” below, the tender prices of the two construction projects under the New Master B&G Construction Agreement were determined based on, among others, the preliminary price quotations from potential suppliers and sub-contractors, the Group’s desired profit margin, pricing strategy, and potential risks of the project. The project team, which is led by the project director, is responsible for determining the desired profit margin of the construction projects. In determining the desired profit margin for a particular construction project, factors including the

LETTER FROM THE BOARD

client's background (such as the credit risk profile), the location, work programme or requirements and expected project timeline of the construction project, as well as the overall market condition of the construction industry in Malaysia would be taken into account. For instance, in general, we are able to charge higher profit margins for construction projects at sites located at lands with bad conditions and with an urgent timeline. The gross profit margin to be charged by the Company for the D Pristine Medini Project and the Selayang (VR 5) Project falls within the Group's profit margin range (which is generally at a range of approximately 7.0% to 11.0% on a per client basis and varies from client to client depending on resources and funds to be allocated to the clients' projects, as well as the overall market condition of the construction industry in Malaysia). Given that the tender prices and gross profit margin of the two construction projects were arrived at after going through the Group's tendering policy and procedures, they are fair and reasonable and on terms no less favourable to those provided by independent third parties.

Save as disclosed above and as at the Latest Practicable Date, the Company is not expected to enter into any new construction project with B&G Capital that will involve further services similar to the B&G Construction Services.

Historical Transaction Amounts

The historical transaction amounts of the transactions contemplated under the Existing Master B&G Construction Agreement for FY2017 and FY2018 were RM268 million and RM249.9 million, respectively. The transaction amount of the transactions contemplated under the Existing Master B&G Construction Agreement for the period from 1 October 2018 to the Latest Practicable Date was approximately RM108.0 million.

The annual caps under the Existing Master B&G Construction Agreement were RM270.0 million, RM370.0 million and RM180.0 million for FY2017, FY2018 and FY2019, respectively.

Tendering Policy and Procedures

The terms of the provision of the B&G Construction Services have been arrived at after arm's length negotiation between the Company and B&G Capital and with reference to the prevailing market terms offered by other providers comparable with the Company through the tender evaluation process. To ensure that the transactions under the New Master B&G Construction Agreement will also be conducted on normal commercial terms, and on terms no less favourable than terms available from independent parties, the Group has, prior to the entering of the New Master B&G Construction Agreement, adopted and applied its tendering policy and procedures (which apply to both potential clients who are connected parties and independent third parties) as described below:

- (a) upon receipt of invitation from the potential clients to submit tenders, the tender department of the Group (the "**Tender Department**") seeks approval from authorised parties before formally replying to the potential client on whether the Group intends to participate in the tender exercise;

LETTER FROM THE BOARD

- (b) if the Group agrees to participate in the tender, the Tender Department will first study the tender documents issued by the potential client. Tender documents can generally be categorised into technical portion and commercial portion. The technical portion may include tender specifications, drawings, and data sheets. The commercial portion may include bills of quantities and schedule of rates. The technical and commercial portions of the tender documents will form the two parts of a tender submission, namely the “Technical Submission” and the “Commercial Submission”;
- (c) in order to better understand the client’s requirements for the tender, the Tender Department may also visit the future project site of the said tender;
- (d) where scopes of work in the tender requires outsourced products and services from suppliers and sub-contractors, the Tender Department will provide the relevant tender documents to the respective suppliers and sub-contractors in order to obtain preliminary quotations from them. Such preliminary proposals and quotations will form the basis of the Group’s technical and commercial proposals to the potential client;
- (e) the Technical Submission is prepared based on preliminary technical proposals from potential suppliers and sub-contractors, as well as the Group’s experienced project managers and engineers, among other things. The Commercial Submission is prepared based on, among other things, the preliminary price quotations from potential suppliers and sub-contractors, the Group’s desired profit margin (which varies from clients to clients depending on resources and funds to be allocated to the clients’ projects, as well as the overall market condition of the construction industry in Malaysia), pricing strategy, and potential risks of the project. Given that the Commercial Submission is prepared based on a number of factors (of which some are external factors beyond the Group’s control, such as the price quotations from other potential suppliers and sub-contractors to be involved in the project and the potential risks of the project), every price quotation is unique and depends very much upon the project size, nature, scope of work and particular requirements of the project, and the chance of the Group being able to manipulate the price quotation and offer more favourable terms to potential clients who are connected parties is very remote;
- (f) the draft Technical and Commercial Submissions prepared by the Tender Department will be reviewed and approved by authorised parties before the Tender Department submits the tender to the potential client. Usually, the potential client requires a tender deposit to be paid with the submission of the tender. Such tender deposit is refundable to all participants who failed in the tender exercise;
- (g) after tender submission, the potential client will begin their tender evaluation process, during which they may call the Group for tender interview or seek clarifications on the tender submission. The Group may submit revised Technical Submission or revised

LETTER FROM THE BOARD

Commercial Submission according to the outcomes of such tender interviews and clarifications. Such revised submissions will also require approvals from authorised parties before they are submitted to the potential clients;

- (h) once the potential client completes their tender evaluation process, they will usually inform the Group on the tender result, in which the Group will either succeed (in getting the project awarded to the Group) or fail. In other cases, the tender validity period may expire without any response from the potential client, in which case the Group will assume it had failed in the tender exercise; and
- (i) the finance division of the Group keeps monitoring and maintaining the records of the above procedures (a) to (h) and ensures that such records are available for review by the Board as and when required. The Group also has, for every project, a team of project managers, site managers, contract managers, contract executives, supervisors, administrative assistants, and safety and health personnel. This project team reports to the project director and is responsible for implementing the project according to the contractual terms, obligations and requirements; and different processes within a project would require verifications and approvals from personnel of different levels within the Group. Internal auditors of the Group also review the above procedures and the relevant documents during the performance of internal audits.

Apart from internal audits, all of the Group's construction projects are subject to audits and uniform standards (regardless of the identity of the client) of the regulatory body (including the Construction Industry Development Board of Malaysia) and certification body (such as the ISO 9001 certification). Hence, throughout the implementation of the projects, our project team also ensure relevant regulatory and certification requirements are strictly adhered to.

In the circumstances where the approval of the Independent Shareholders on the New Master B&G Construction Agreement could not be obtained by 1 October 2019, the Company would ensure that it would not provide any B&G Construction Services to B&G Capital and no related revenue shall be recorded by the Company in this regard. This understanding has also been communicated to B&G Capital.

INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures and an internal control policy (the “**IC Policy**”) to regulate its connected transactions, including the New Master EXA Agreement and the New Master B&G Construction Agreement:

- (a) the Board is responsible for approving all connected transactions;
- (b) in approving the connected transactions, any Director who has a material interest in the connected transactions and has powers of voting shall abstain from voting on the Board relevant resolution;

LETTER FROM THE BOARD

- (c) the finance division of the Company shall:
- (i) be responsible for monitoring and handling information in relation to connected persons and also responsible for collecting information, disclosing, reporting and obtaining approval of connected transactions;
 - (ii) maintain a list of connected persons, and update such records from time to time;
 - (iii) formulate, send out and collect disclosure forms for ascertaining connected persons;
 - (iv) identify connected persons as defined under the IC Policy and continue updating the list of connected persons and related information from time to time;
 - (v) ensure the list of connected persons is updated regularly and promptly upon changes occur;
 - (vi) issue and collect disclosure forms requesting information of connected persons on a regular basis, and procure that the connected persons proactively report to it immediately; any subsequent changes are also required to be reported and updated immediately;
 - (vii) regularly circulate among relevant divisions the list of connected persons; and
 - (viii) request from reporting divisions a written confirmation to confirm that the Company would also enter into such transaction with independent third parties with similar normal commercial terms;
- (d) each and every relevant division of the Company shall identify transactions based on the list of connected persons and carry out the following procedures in accordance with the IC Policy and the applicable rules and regulations:
- (i) determine whether the transaction counterparties are connected persons of the Company with reference to the records of the list of connected persons; and
 - (ii) if the transaction counterparty is a connected person of the Company, report to the finance division of the Company for their review before entering into any agreement. Information or materials to be reported include assumptions that form the basis of the transaction amount of the connected transaction, market benchmark of comparable transactions to ensure that the transactions to be entered into are on normal commercial terms, draft written agreement of the connected transaction and the period of the agreement; and

LETTER FROM THE BOARD

- (e) pursuant to the Listing Rules, other applicable laws and regulations, the company secretary of the Company shall report to the Board information regarding connected transactions in a timely manner.

In addition, the following internal control measures are adopted by the Company to avoid potential conflict of interest for personnel of the Contract Department and the Tender Department with the Company's connected persons:

- (a) all employees (including those from the Contract Department and the Tender Department) are required by the Employee Handbook of the Company to declare any existing or potential conflict of interest pertaining to their duties, and all employees have to acknowledge with their signatures the receipt of the Employee Handbook;
- (b) conflicted employees are prohibited from handling, reviewing and/or approving the relevant transactions;
- (c) employees from the Tender Department are required to sign a declaration of no conflict of interest prior to every tender submission; and
- (d) connected transactions and transactions involving the Group's key employees (being employees of management level or above) are subject to higher approval requirements.

The Company has also engaged professional external auditors to, among others, review its continuing connected transactions and ensure that the same are entered into on normal commercial terms or on terms no less favourable to those provided by independent third parties and that they are carried out in accordance with the terms of the relevant agreements.

REASONS AND BENEFITS OF THE TRANSACTIONS

The New Master EXA Agreement

The Group is principally engaged in the provision of a wide range of construction services in Malaysia. We have been engaging EXA Power as its sub-contractor for the provision of Electrical Works services for our construction projects in Malaysia since 2014. Through such long-term business relationships, EXA Power has demonstrated its track records in electrical, mechanical and associated engineering services for commercial and residential buildings, public amenities and infrastructures. It is more efficient for us to outsource the Electrical Works to a specialist sub-contractor like EXA Power as it allows us to focus on other areas of our construction projects.

The New Master B&G Construction Agreement

The Company has been providing the B&G Construction Services to B&G Capital for the construction projects of B&G Capital Group in Malaysia since 2014. Through such long-term business relationships, B&G Capital Group has demonstrated its track records in the

LETTER FROM THE BOARD

development and construction of commercial and residential buildings, public amenities and infrastructures. It is more beneficial for the Group to provide construction services to a well-established developer like B&G Capital as it allows the Group to strengthen its market share in the construction industry.

The Directors consider that the entering into of the New Master EXA Agreement and the New Master B&G Construction Agreement is in the ordinary and usual course of business of our Group, their terms are normal commercial and fair and reasonable, and they are in the interest of our Company and our Shareholders as a whole.

GENERAL INFORMATION

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

EXA Power is a limited liability company incorporated in Malaysia and is principally engaged in the provision of electrical work services in Malaysia.

B&G Capital is a limited liability company incorporated in Malaysia and B&G Capital Group is principally engaged in the development of a wide range of construction projects in Malaysia.

LISTING RULES IMPLICATIONS

The New Master EXA Agreement

As at the Latest Practicable Date, EXA Power was owned as to approximately 70.0% by Wong Zheng Kai, a brother-in-law of Dato' Teh Kok Lee, our executive Director, Chief Executive Officer and Controlling Shareholder, and approximately 30.0% by Lee Chiew Yen, a sister-in-law of Dato' Teh Kok Lee. Due to the relationship with Dato' Teh Kok Lee, EXA Power is deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the New Master EXA Agreement exceeds 5%, the New Master EXA Agreement is subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The New Master B&G Construction Agreement

The Company wishes to clarify that as at the date of the New Master B&G Construction Agreement and up to the Latest Practicable Date, B&G Capital was owned as to approximately 22.6% by Tan Sri Dato' Sri Goh Ming Choon, our Chairman, executive Director and Controlling Shareholder, and 77.4% by Syapurna Sdn. Bhd., which is owned as to 100% by Tan Sri Dato' Sri Goh Ming Choon. The shareholding information of B&G Capital as disclosed in the Announcement was different from the above due to updated information received by the Company subsequent to the publication of the Announcement. B&G Capital remains as an

LETTER FROM THE BOARD

associate of Tan Sri Dato' Sri Goh Ming Choon and is a connected person of the Company Rule 14A.07(4) of the Listing Rules.

As the highest of applicable percentage ratios in respect of the proposed annual cap for the transactions contemplated under the New Master B&G Construction Agreement exceeds 5%, the New Master B&G Construction Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Tan Sri Dato' Sri Goh Ming Choon and Dato' Teh Kok Lee have abstained from voting on the board resolutions with respect to the approval of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder. Save for Tan Sri Dato' Sri Goh Ming Choon and Dato' Teh Kok Lee, none of the Directors has any material interest, direct or indirect, in the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder, and therefore none of the Directors, except for Tan Sri Dato' Sri Goh Ming Choon and Dato' Teh Kok Lee, was required to abstain from voting on the resolutions of the Board to approve the New Mater EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder.

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder.

Independent Financial Adviser

Grand Moore Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder together with the relevant annual caps.

EGM

The Company will convene the EGM at 10:00 a.m. on Monday, 18 November 2019 at Horizon 2, Level R@ Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia to consider and approve, if thought fit, matters stated in the notice of the EGM. A notice of the EGM is set out on pages 50 to 51 of this circular.

As at the Latest Practicable Date, Dato' Teh Kok Lee and Tan Sri Dato' Sri Goh Ming Choon, being parties acting in concert, are interested in 1,208,250,000 Shares, representing approximately 67.1% of the total number of the issued shares of the Company. The ultimate beneficial owners of EXA Power, Wong Zheng Kai and Lee Chiew Yen, are the brother-in-law and sister-in-law of Dato' Teh Kok Lee, respectively. The ultimate beneficial owner of B&G Capital is Tan Sri Dato' Sri Goh Ming Choon. Accordingly, Dato' Teh Kok Lee, Tan Sri Dato' Sri Goh Ming Choon and their respective associates are required to abstain from voting on the relevant resolutions to approve the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no other Shareholder is involved or interested in the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder, or has any material interest in the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on the relevant resolutions approving the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

All resolutions to be proposed at the EGM will be voted on by poll. A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend and/or vote at the EGM, you are advised to read the notice and to complete the form of proxy and return it to the branch share registrar and transfer office of the Company, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or its adjournment if you so wish. If you attend and vote at the EGM, the instrument appointing your proxy will be deemed to have been revoked.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that (i) the terms of each of the New Master EXA Agreement and the New Master B&G Construction Agreement are entered into in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the proposed annual cap amounts for FY2020 and FY2021 under the New Master EXA Agreement are fair and reasonable; and (iii) the proposed annual cap amount for FY2020 under the New Master B&G Construction Agreement is fair and reasonable. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolutions for approving the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and the additional information as set out in the appendix to this circular.

WARNING NOTICE

Shareholders and potential investors of the Company should be aware that the transactions contemplated in this circular is subject to a number of conditions being satisfied, including but not limited to the approval of transactions contemplated in this circular at the EGM by the Independent Shareholders and consequently the transactions may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities (if any) of the Company.

Yours faithfully,
By order of the Board
BGMC International Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

29 October 2019

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
(1) RENEWAL OF THE EXISTING MASTER EXA AGREEMENT
(2) RENEWAL OF THE EXISTING MASTER B&G
CONSTRUCTION AGREEMENT
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

We refer to the circular dated 29 October 2019 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder (including the relevant annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Grand Moore Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 24 to 43 of the Circular.

Your attention is drawn to the Letter from the Board set out on pages 4 to 21 and the Letter from the Independent Financial Adviser set out on pages 24 to 43 of the Circular which contain, inter alia, information about the terms of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder and the advice to us in respect of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder, and having taken into account the advice of the Independent Financial Adviser, we consider that (i) the terms of each of the New Master EXA Agreement and the New Master B&G Construction Agreement are entered into in the ordinary and usual course of business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; (ii) the proposed annual cap amounts for FY2020 and FY2021 under the New Master EXA Agreement are fair and reasonable; and (iii) the proposed annual cap amount for FY2020 under the New Master B&G Construction Agreement is fair and reasonable.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the New Master EXA Agreement, the New Master B&G Construction Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee of

BGMC International Limited

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

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser in respect of the New Master EXA Agreement, the New Master B&G Construction Agreement and the relevant annual caps, and is prepared for the purpose of incorporation into this circular.



中毅資本有限公司
Grand Moore Capital Limited

Unit 1607, 16/F., Silvercord Tower 1, 30 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

29 October 2019

*To the Independent Board Committee and
the Independent Shareholders of
BGMC International Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS
(1) RENEWAL OF THE EXISTING MASTER EXA AGREEMENT
AND
(2) RENEWAL OF THE EXISTING MASTER B&G
CONSTRUCTION AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders in respect of the New Master EXA Agreement (and the transactions contemplated thereunder, including the annual caps thereof (the “**New EXA Annual Caps**”)) and the New Master B&G Construction Agreement (and the transactions contemplated thereunder, including the annual cap thereof (the “**New B&G Annual Cap**”)) (collectively, the “**Transactions**”); (ii) give our recommendation as to whether the Transactions are in the interest of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the EGM. Details of the Transactions are set out in the section headed “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 29 October 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context requires otherwise.

Reference is made to the section headed “Connected Transactions – Continuing Connected Transactions” in the Prospectus in relation to, among others, the continuing connected transactions contemplated under the Existing Master EXA Agreement and the Existing Master B&G Construction Agreement.

The Existing Master EXA Agreement has expired on 30 September 2019. In view of the on-going and new construction projects on hand and to continue to regulate the provision of Electrical Works by EXA Power to the Group, the Company and EXA Power have on 10

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

September 2019 entered into the New Master EXA Agreement to renew the Existing Master EXA Agreement.

The Existing Master B&G Construction Agreement has expired on 30 September 2019. In view of the delay of an on-going construction project which is scheduled to be completed in FY2020 and to continue to regulate the provision of B&G Construction Services by the Group to B&G Capital, the Company and B&G Capital have on 10 September 2019 entered into the New Master B&G Construction Agreement to renew the Existing Master B&G Construction Agreement.

As at the Latest Practicable Date, EXA Power was owned as to approximately 70.0% by Wong Zheng Kai, a brother-in-law of Dato' Teh Kok Lee, an executive Director, Chief Executive Officer and Controlling Shareholder, and approximately 30.0% by Lee Chiew Yen, a sister-in-law of Dato' Teh Kok Lee. Due to the relationship with Dato' Teh Kok Lee, EXA Power is deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the New Master EXA Agreement exceeds 5%, the New Master EXA Agreement is subject to the reporting, announcement, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of the New Master B&G Construction Agreement and up to the Latest Practicable Date, B&G Capital was owned as to approximately 22.6% by Tan Sri Dato' Sri Goh Ming Choon, the Company's Chairman, executive Director and Controlling Shareholder, and 77.4% by Syapurna Sdn. Bhd., which is owned as to 100.0% by Tan Sri Dato' Sri Goh Ming Choon. B&G Capital remains as an associate of Tan Sri Dato' Sri Goh Ming Choon and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the proposed annual cap for the transactions contemplated under the New Master B&G Construction Agreement exceeds 5%, the New Master B&G Construction Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung, has been established to advise the Independent Shareholders on whether the Transactions are fair and reasonable.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Board Committee and the Independent Shareholders in respect of the Transactions. In the last two years, we have not acted as any financial adviser role to the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling shareholders that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the management of the Company (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors:

1. Information of the parties to the Transactions

1.1 Information of the Group

As stated in the Letter from the Board, the company is an investment holding company and the Group is principally engaged in the provision of a wide range of construction services and concession and maintenance services in Malaysia. Certain summary financial information of the Group as extracted from the Company's latest published financial statement, i.e. its interim report for the six months ended 31 March 2019 (the "**Interim Report**") is set out below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the six months ended	
	31 March	
	2019	2018
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(unaudited)
Revenue	130,009	311,872
Profit/(loss) attributable to owners of the Company	(50,876)	13,552
	As at	
	31 March	30 September
	2019	2018
	<i>RM'000</i>	<i>RM'000</i>
	(unaudited)	(audited)
Total assets	799,865	893,989
Total liabilities	527,613	558,663
Net assets attributable to owners of the Company	270,244	329,632

During the six months ended 31 March 2019, the Company recorded unaudited consolidated revenue of approximately RM130,009,000, representing a decrease of approximately 58.3% when compared to the unaudited consolidated revenue of approximately RM311,872,000 recorded during the six months ended 31 March 2018. The Interim Report has stated that the building and structure segment of the Group, being the leading segment of the construction services, experienced decrease in revenue from approximately RM245,206,000 for the six months ended 31 March 2018 to approximately RM102,045,000 for the six months ended 31 March 2019. Such decrease was mainly due to (i) the major ongoing projects secured in prior years such as Setia Spice, The Sky Seputeh, Bangsar 61 and Tenaga Nasional Berhad Worker's Quarters were still progressing at the structural stage; and (ii) the higher value architectural, mechanical and electrical work trades just starting to gain momentum, which led to lower revenue recognised in the period. The Company further recorded unaudited consolidated loss attributable to owners of the Company of approximately RM50,876,000 for six months ended 31 March 2019, representing a turnaround from the unaudited consolidated profit attributable to owners of the Company of approximately RM13,552,000 recorded during the six months ended 31 March 2018. This appears to be directly related to the turnaround of unaudited consolidated gross profit of approximately RM44,843,000 recorded during the six months ended 31 March 2018 to unaudited consolidated gross loss of approximately RM31,580,000 recorded during the six months ended 31 March 2019. The Interim Report attributes such turnaround to unaudited consolidated gross loss to (i) an increase in material costs due to the implementation of the Sales and Services Tax Act 2018 of Malaysia; (ii) compressed gross profit margin due to the competitive tender process resulting from the subdued property market in Malaysia; (iii) a review of major infrastructure projects by the Malaysian government after the general election which has intensified the competition in Malaysia

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

construction industry; and (iv) impairment of contract asset amounting to approximately RM8.9 million due to write-off of long overdue contract assets.

As at 31 March 2019, the Group had unaudited consolidated total assets, total liabilities and net assets attributable to owners of the Company of approximately RM799,865,000, RM527,613,000 and RM270,244,000 respectively.

1.2 Information of EXA Power

EXA Power is a limited liability company incorporated in Malaysia and is principally engaged in the provision of electrical work services in Malaysia.

1.3 Information of B&G Capital

B&G Capital is a limited liability company incorporated in Malaysia and B&G Capital Group is principally engaged in the development of a wide range of construction projects in Malaysia.

2. Reasons for and benefits of the Transactions

The New Master EXA Agreement

As stated in the Letter from the Board, the Group is principally engaged in the provision of a wide range of construction services and concession and maintenance services in Malaysia. The Company has been engaging EXA Power as its sub-contractor for the provision of Electrical Works services for its construction projects in Malaysia since 2014. Through such long-term business relationships, EXA Power has demonstrated its track records in electrical, mechanical and associated engineering services for commercial and residential buildings, public amenities and infrastructures. It is more efficient for the Group to outsource the Electrical Works to a specialist sub-contractor such as EXA Power as it allows the Group to focus on other areas of its construction projects.

The New Master B&G Construction Agreement

The Company has been providing the B&G Construction Services to B&G Capital for the construction projects of B&G Capital Group in Malaysia since 2014. Through such long-term business relationships, B&G Capital Group has demonstrated its track records in the development and construction of commercial and residential buildings, public amenities and infrastructures. It is more beneficial for the Group to provide construction services to a well-established developer such as B&G Capital as it allows the Group to strengthen its market share in the construction industry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The transactions under the New Master EXA Agreement

3.1 *The New Master EXA Agreement*

The principal terms of the New Master EXA Agreement are as follows:

Date : 10 September 2019

Parties : (1) the Company
(2) EXA Power

As at the Latest Practicable Date, EXA Power was owned as to approximately 70.0% by Wong Zheng Kai, a brother-in-law of Dato' Teh Kok Lee, an executive Director, Chief Executive Officer and Controlling Shareholder, and approximately 30.0% by Lee Chiew Yen, a sister-in-law of Dato' Teh Kok Lee.

Services : EXA Power will provide the Electrical Works to the Company in relation to the Group's construction projects in Malaysia.

Condition precedent : The New Master EXA Agreement is conditional on the approval of the Independent Shareholders.

Term : The New Master EXA Agreement will be effective as at 1 October 2019 if the condition precedent is fulfilled and will continue thereafter for a term expiring on 30 September 2021.

3.2 *Procurement Policy and Procedures*

It is stated in the Letter from the Board that the terms of the Electrical Works sub-contracted have been arrived at after arm's length negotiation between the Company and EXA Power and with reference to the prevailing market terms chargeable by other providers comparable with EXA Power. To ensure that the transactions under the New Master EXA Agreement will also be conducted on normal commercial terms, and on terms no less favourable than terms available from independent parties, the Group has, prior to the entering of the New Master EXA Agreement, adopted and applied its procurement policy and procedures (under which EXA Power was selected) as described below:

- (a) after understanding the requirements of the Group's customers in respect of the construction projects, the Contract Department provides a complete set of detailed specifications, drawings, bills of quantities and schedules of rates for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

services required, in identical, to at least three potential sub-contracting vendors, including at least two independent vendors, who have the capabilities to provide sub-contracting services, for them to provide quotations to the Group. The quotations, which list out each of the construction items and materials based on the developer's standards and/or the specifications given by the Group, are provided by the sub-contracting vendors based on the job scope of each construction project and given that each construction project is unique as they have different project size, nature, scope of work and requirements, there is no government-prescribed or guided price for the provision of such services and no two construction projects may be considered and compared side-by-side in this regard. The potential sub-contracting vendors are selected to provide quotations based on their size, capabilities, past experience, quality of proposed products and services and price and, in particular, the Group will first consider selecting sub-contracting vendors whom it has previously worked with and have good track record for them to provide quotations. In assessing the quality of work of the sub-contracting vendors, reference is made to the certifications awarded to them and if the Group has previously worked with the sub-contracting vendor, the internal progress and assessment reports on their work done;

- (b) the Contract Department then reviews the quotations received from the potential sub-contracting vendors and compares them in a standard comparison format. The quotations on every construction item and material will be compared under this standard comparison format. In making the comparison, the Contract Department also makes reference to quotes previously submitted by the sub-contracting vendors for similar projects, as well as the budget prepared internally in relation to the construction project. Through this comparison process, the Contract Department is able to determine and assess if the quotations received are on normal commercial terms and whether the quotations given by any connected party is on terms no less favourable than those provided by independent parties. Further, by making reference to the internal budget, which is prepared based on the Group's estimated costs of the construction project, the Contract Department is able to assess if the quotations received are within the budgeted costs of the Group and the market range. The Contract Department also assesses the technical proposals and other terms and conditions of the quotations to ensure they meet the requirements of the Group;
- (c) based on the comparison and assessment results, the Contract Department then recommends the most suitable quotation to the relevant authorised personnel for approval. Depending on the project size, such authorised personnel may include the project director, the chief executive officer and the executive directors of the Company;
- (d) if the recommendation is approved by the relevant authorised personnel, the Contract Department then issues a letter of award to the selected sub-contracting vendor. The letter of award is prepared by the contract executive and reviewed by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the contract manager and the project director, before the same is signed by the Chief Executive Officer for issue. The review process ensures that the terms and conditions of the award are on normal commercial terms and where the awards are given to connected parties, on terms no less favourable than those available from independent parties; and

- (e) the finance division of the Group keeps monitoring and maintaining the records of the above procedures (a) to (d) and ensures that such records are available for review by the Board as and when required; and the project divisions of the Group report the financial information of every project to the management on a monthly basis. This monthly reporting serves not only as an update but also ensure that the relevant transactions are carried out in accordance with the agreement terms (including the relevant annual caps). If it is anticipated that the annual caps may be exceeded and if the Group is to continue to carry out the transactions, the Group will take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules, including seeking to revise the relevant annual caps. Internal auditors of the Group also review the above procedures and the relevant documents during the performance of internal audits.

The above procurement policy and procedures serve to ensure that no preferential treatment is given to any connected persons of the Company by the Contract Department. In particular, the same set of documents are provided to all potential sub-contracting vendors for quotation purposes and the quotations received are compared against a standard quotation comparison format with a standard set of selection and assessment criteria. Also, the Contract Department's recommendation is reviewed and approved by the authorised personnel, which may, depending on the project size, include multiple personnel from different levels within the Group.

In addition and as described in more details in the section headed "Internal control measures" in the Circular, all employees (including those from the Contract Department) are required by the Employee Handbook of the Company to declare any existing or potential conflict of interest pertaining to their duties; and conflicted employees are prohibited from handling, reviewing and/or approving the relevant transactions. By preventing conflicted employees from handling the relevant transactions, the chance of any employees from the Contract Department offering preferential treatment to connected persons could be avoided and minimised.

Accordingly, notwithstanding the absence of specific pricing terms in the New Master EXA Agreement, we concur with the Directors that, given the procedures adopted as described above allow standard and comprehensive comparison between the pricing terms offered by EXA Power and that of market standards, they can ensure the fairness and reasonableness of the pricing terms of the New Master EXA Agreement.

In the circumstances where the approval of the Independent Shareholders for the New Master EXA Agreement could not be obtained by 1 October 2019, the Company would

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ensure that there shall be no receipt of Electrical Works from EXA Power to the Company and no related costs shall be incurred by the Company in this regard. This understanding has also been communicated to EXA Power.

3.3 Our analysis on the New Master EXA Agreement

With regards to the pricing basis of the New Master EXA Agreement, we have obtained and reviewed the underlying supporting documents of the Group's tenders in respect of all the construction projects covered by the New Master EXA Agreement. The selection criteria and process are in line with the relevant policy adopted by the Group as discussed in section 3.2 of this letter and the internal control policy mentioned in the section headed "Letter from the Board – Internal Control Measures" of the Circular. Based on the documents reviewed, there were at least three potential sub-contracting vendors, including at least two independent vendors. They provided tenders which listed out all the quotations of each construction item and material based on the developer's standard/specification given by the Group in its tender document on the same scope of construction services for each construction project. The Group compared those tenders in a standard comparison format on every construction items and materials in the same scope of construction services based on developer's standard/specification. EXA Power was the tender participant with the lowest bid price comparing with other potential vendors bidding for the same scope/standard/quality of construction services as specified in the tender document and it has accordingly been awarded with the relevant construction contracts which meet the minimum required standard/specification as specified by the Group and the developer. During the implementation of the construction projects, the Group and its customer (i.e. the property developer) have quality control measures such as appointment of quantity surveyor to monitor construction works performed by sub-contractors on an ongoing basis so as to ensure the quality of the works and materials of sub-contractors (such as EXA Power) fulfill their required standard/specification as required in the tender document. On the above basis, we consider that the pricing basis of the New Master EXA Agreement is fair and reasonable and in the interest of the Company and the Shareholders as a whole, and the selection process for sub-contractors is no less favorable to the Group.

3.4 The proposed New EXA Annual Caps

Set out below are the proposed New EXA Annual Caps under the New Master EXA Agreement for each of FY2020 and FY2021, respectively as extracted from the Letter from the Board:

	FY2020	FY2021
	<i>(RM' million)</i>	<i>(RM' million)</i>
New EXA Annual Caps	21.4	2.5

In determining the above annual caps, the Company has considered, among other factors, (i) the historical transaction amounts for the purchase of Electrical Works provided

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

by EXA Power; (ii) the expected demand for Electrical Works services in the upcoming years in view of the business development of the Group; (iii) the estimated contract value and any payment arrangement of projected new construction projects to be entered into by the Group; and (iv) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost.

As at the Latest Practicable Date, the Group has two existing construction projects (namely, the Seputeh (Podium) Project and the Selayang Project) and three new construction projects (namely, the Seputeh (Tower) Project, the Kuala Berang Project and the Teluk Intan Project) of which the Group would require Electrical Works to be provided by EXA Power. Details of the construction projects are set out below:

		Background	Nature of Services	Date of Agreement	Consideration/ Contract Sum	Expected Completion Date
1.	The Seputeh (Podium) Project	A residential construction project located in Kuala Lumpur, Malaysia	Electrical and mechanical services	1 May 2018	RM5,488,524	August 2020
2.	The Seputeh (Tower) Project	A residential construction project located in Kuala Lumpur, Malaysia	Electrical and mechanical services	1 February 2019	RM6,590,512	N/A as relevant work is yet to commence
3.	The Kuala Berang Project	A residential construction project located in Terengganu, Malaysia	Electrical and mechanical services	28 February 2019	RM2,098,800	N/A as relevant work is yet to commence
4.	The Teluk Intan Project	A residential construction project located in Perak, Malaysia	Electrical and mechanical services	1 March 2019	RM9,942,956	N/A as relevant work is yet to commence
5.	The Selayang Project	A residential construction project located in Selangor, Malaysia	Electrical and mechanical services	27 April 2018	RM2,850,000	March 2020

In determining the estimated demand for Electrical Works to be provided by EXA Power for FY2020 and FY2021, the Group has considered the followings:

- (a) the actual progress of the Seputeh (Podium) Project and the Selayang Project (which were originally expected to be completed by September 2019) of the Group has fallen behind schedule, resulting in an increase in the corresponding demand for Electrical Works in FY2020 from the previously expected amount (of approximately RM nil, given that it was expected that these two construction

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

projects would have been completed by September 2019 and hence no demand for Electrical Works in FY2020 for these two construction projects was originally expected) by approximately RM4.1 million;

- (b) the commencement of the three new construction projects, resulting in an increase in the corresponding demand for Electrical Works in FY2020 from previously expected amount (of approximately RM11.4 million) to approximately RM16.3 million; and
- (c) the significant decrease in the proposed annual cap amount for FY2021 when comparing with that of FY2020 is primarily due to the estimated completion of two new construction projects and the two existing construction projects.

In connection with the New EXA Annual Caps, we have obtained and reviewed the estimated sub-contracting costs with EXA Power for FY2020 and FY2021 as provided by the Group's management. The estimated transaction amount with EXA Power was based on the value of the Electrical Works which had been sub-contracted to EXA Power including two existing construction projects (the Seputeh (Podium) Project and the Selayang Project) and three new construction projects (the Kuala Berang Project, the Teluk Intan Project and the Seputeh (Tower) Project). The two existing construction projects are for Electrical Works and have been approved from FY2017 to FY2019 under the Existing Master EXA Agreement. However, they have fallen behind the schedule and will be completed in FY2020. The three new construction projects are for Electrical Works and have completed the tender/selection process in FY2019 since these projects will be started in FY2020. According to the Group's management, EXA Power will be replaced by other sub-contractors for those relevant construction projects if the New Master EXA Agreement is not approved by the Independent Shareholders at the EGM in compliance with the condition precedent to the New Master EXA Agreement. Based on the information provided by the Group's management, such estimated amount of Electrical Works is in line with the underlying construction contracts entered into with EXA Power, and the New EXA Annual Caps of approximately RM21.4 million and RM2.5 million for FY2020 and FY2021 are in line with the aforementioned management's estimation of the amounts of potential Electrical Works for the relevant years. The management has confirmed that such New EXA Annual Caps represent works that are required from EXA Power as per the relevant construction schedule for FY2020 and FY2021, with a slight buffer of approximately 5% as allowance for any currently unforeseen variation of works or contingencies.

In view of (i) the sub-contracting of the Electrical Works is a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group; (ii) the Electrical Works provided by EXA Power are crucial in the ongoing construction projects of the Group which directly affect the Group's daily business operations; (iii) the Group's selection process for construction contractors invites independent vendors providing quotations with the same scope/standard/quality of services for comparison to ensure the awarded contract terms are no less favourable to the Group and complies with the procurement policy and procedure as mentioned in section 3.2 of this

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

letter; (iv) the pricing of the relevant historical construction service contracts entered into between the Group and EXA Power represent the lowest bid prices in the Group's tenders and the relevant terms are therefore fair and reasonable as discussed in section 3.3 of this letter; and (v) the New EXA Annual Caps are in line with the estimated Electrical Works expenses as per the Group's development plan for the property development projects for FY2020 and FY2021 with inclusion of only a slight buffer, we are of the view that the New EXA Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4. The transactions under the New Master B&G Construction Agreement

4.1 *The New Master B&G Construction Agreement*

The principal terms of the New Master B&G Construction Agreement are as follows:

Date : 10 September 2019

Parties : (1) the Company
(2) B&G Capital

As at the Latest Practicable Date, B&G Capital was owned as to approximately 22.6% by Tan Sri Dato' Sri Goh Ming Choon, the Chairman, executive Director and Controlling Shareholder, and 77.4% by Syapura Sdn. Bhd., which is owned as to 100% by Tan Sri Dato' Sri Goh Ming Choon.

Services : The Company will provide the B&G Construction Services to B&G Capital in relation to B&G Capital Group's construction projects in Malaysia.

Condition precedent : The New Master B&G Construction Agreement is conditional on the approval of the Independent Shareholders.

Term : The New Master B&G Construction Agreement will be effective as at 1 October 2019 if the condition precedent is fulfilled and will continue thereafter for a term expiring on 30 September 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4.2 Tendering Policy and Procedures

It is stated in the Letter from the Board that the terms of the provision of the B&G Construction Services have been arrived at after arm's length negotiation between the Company and B&G Capital and with reference to the prevailing market terms offered by other providers comparable with the Company through the tender evaluation process. To ensure that the transactions under the New Master B&G Construction Agreement will also be conducted on normal commercial terms, and on terms no less favourable than terms available from independent parties, the Group has, prior to the entering of the New Master B&G Construction Agreement, adopted and applied its tendering policy and procedures (which apply to both potential clients who are connected parties and independent third parties) as described below:

- (a) upon receipt of invitation from the potential clients to submit tenders, the Tender Department seeks approval from authorized parties before formally replying to the potential client on whether the Group intends to participate in the tender exercise;
- (b) if the Group agrees to participate in the tender, the Tender Department will first study the tender documents issued by the potential client. Tender documents can generally be categorised into technical portion and commercial portion. The technical portion may include tender specifications, drawings, and data sheets. The commercial portion may include bills of quantities and schedule of rates. The technical and commercial portions of the tender documents will form the two parts of a tender submission, namely the "Technical Submission" and the "Commercial Submission";
- (c) in order to better understand the client's requirements for the tender, the Tender Department may also visit the future project site of the said tender;
- (d) where scopes of work in the tender requires outsourced products and services from suppliers and sub-contractors, the Tender Department will provide the relevant tender documents to the respective suppliers and sub-contractors in order to obtain preliminary quotations from them. Such preliminary proposals and quotations will form the basis of the Group's technical and commercial proposals to the potential client;
- (e) the Technical Submission is prepared based on preliminary technical proposals from potential suppliers and sub-contractors, as well as the Group's experienced project managers and engineers, among other things. The Commercial Submission is prepared based on, among other things, the preliminary price quotations from potential suppliers and sub-contractors, the Group's desired profit margin (which varies from clients to clients depending on resources and funds to be allocated to the clients' projects, as well as the overall market condition of the construction industry in Malaysia), pricing strategy, and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

potential risks of the project. Given that the Commercial Submission is prepared based on a number of factors (of which some are external factors beyond the Group's control, such as the price quotations from other potential suppliers and sub-contractors to be involved in the project and the potential risks of the project), every price quotation is unique and depends very much upon the project size, nature, scope of work and particular requirements of the project, and the chance of the Group being able to manipulate the price quotation and offer more favourable terms to potential clients who are connected parties is very remote;

- (f) the draft Technical and Commercial Submissions prepared by the Tender Department will be reviewed and approved by authorised parties before the Tender Department submits the tender to the potential client. Usually, the potential client requires a tender deposit to be paid with the submission of the tender. Such tender deposit is refundable to all participants who failed in the tender exercise;
- (g) after tender submission, the potential client will begin their tender evaluation process, during which they may call the Group for tender interview or seek clarifications on the tender submission. The Group may submit revised Technical Submission or revised Commercial Submission according to the outcomes of such tender interviews and clarifications. Such revised submissions will also require approvals from authorised parties before they are submitted to the potential clients;
- (h) once the potential client completes their tender evaluation process, they will usually inform the Group on the tender results, in which the Group will either succeed (in getting the project awarded to the Group) or fail. In other cases, the tender validity period may expire without any response from the potential client, in which case the Group will assume it had failed in the tender exercise; and
- (i) the finance division of the Group keeps monitoring and maintaining the records of the above procedures (a) to (h) and ensures that such records are available for review by the Board as and when required. The Group also has, for every project, a team of project managers, site managers, contract managers, contract executives, supervisors, administrative assistants, and safety and health personnel. This project team reports to the project director and is responsible for implementing the project according to the contractual terms, obligations and requirements; and different processes within a project would require verifications and approvals from personnel of different levels within the Group. Internal auditors of the Group also review the above procedures and the relevant documents during the performance of internal audits.

Apart from internal audits, all of the Group's construction projects are subject to audits and uniform standards (regardless of the identity of the client) of the regulatory body (including the Construction Industry Development Board of Malaysia) and certification

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

body (such as the ISO 9001 certification). Hence, throughout the implementation of the projects, the Group's project team also ensures relevant regulatory and certification requirements are strictly adhered to.

In the circumstances where the approval of the Independent Shareholders on the New Master B&G Construction Agreement could not be obtained by 1 October 2019, the Company would ensure that it would not provide any B&G Construction Services to B&G Capital and no related revenue shall be recorded by the Company in this regard. This understanding has also been communicated to B&G Capital.

4.3 Our analysis on the New Master B&G Construction Agreement

To assess the fairness and reasonableness of the pricing basis of construction contracts under the New Master B&G Construction Agreement, we have obtained from the Group's management a gross profit margin analysis on (i) the 21 construction projects of the Group's independent third party customers representing all construction projects of the Group's independent third party customers since 2016; and (ii) the two ongoing construction projects of B&G Capital covered by the New Master B&G Construction Agreement. From such analysis, we note that the average gross profit margin of the construction projects of the Group's independent third party customers is approximately 8.5%, while the average gross profit margin of the two ongoing construction projects of B&G Capital is approximately 10.7%. We further note that one of the construction projects of the Group's independent third party customers resulted in an abnormal negative gross profit margin of approximately 17.0%. As per the Group's management, the reasons for conducting a project with a negative gross profit margin was to secure the relationship with the client so as to further obtain more projects in the following years. If this abnormal project is excluded for the purpose of our analysis, the adjusted average gross profit margin of the construction projects of the Group's independent third party customers would become approximately 9.8%. According to the gross profit margin analysis provided by the Group's management, the gross profit margin range on a per customer basis ranged from approximately 7.0% to 11.0%, where the average gross profit margin of the two ongoing construction projects of B&G Capital of approximately 10.7% falls within the range and is at the high end thereof.

We understand from the Group's management that since every construction service/project of the Group is unique due to different project size, nature, scope of work and requirements including quality and terms, the pricing of each construction service/project is based on its own unique factors and circumstances. As per the Group's management, the Group will determine the preliminary contract sum (inclusive of a gross profit margin) during the tender phase by reference to (i) the estimated cost of provision of construction service/project based on the preliminary quotations received from potential suppliers and sub-contractors; (ii) the resources and funds to be allocated to the project; (iii) market condition in Malaysia in general; (iv) the Group's pricing strategy after having considered various factors including whether the pricing of such project can help maintain the client relationship so as to help to secure more projects in the future; and (v) potential

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

risks of the project. Despite the above, we consider the gross profit margin of the 21 construction projects from the Group's independent third party customers as mentioned in the paragraph immediately above is comparable within the context of the New Master B&G Construction Agreement as (i) all of the projects of the independent third party customers and B&G Capital are construction projects and are therefore comparable in nature; and (ii) the Company acted as the main contractor in each of the aforementioned projects and are therefore also comparable in the Group's role. Therefore, the comparison of gross profit margin of these projects is considered to be a reasonable basis in the formation of our view in relation to the fairness and reasonableness of the pricing basis with B&G Capital. Given that the average gross profit margin of the construction projects of B&G Capital of approximately 10.7% is higher than (i) the adjusted average gross profit margin of the construction projects of the Group's independent third party customers of approximately 9.8%; and (ii) the gross profit margin of the Group for the year ended 30 September 2018 of approximately 10.1%, and it falls within the Group's gross profit margin range on a per customer basis, we consider the terms available to B&G Capital is no more favourable than that of the Group's independent third party customers and are accordingly fair and reasonable and in the interest of the Company and the Shareholders as a whole.

4.4 The proposed New B&G Annual Cap

Set out below is the proposed New B&G Annual Cap under the New Master B&G Construction Agreement for FY2020 as extracted from the Letter from the Board:

	FY2020 <i>(RM' million)</i>
New B&G Annual Cap	70.0

In determining the New B&G Annual Cap, the Company has considered, among other factors, (i) the historical transaction amounts for the provision of B&G Construction Services by the Group to B&G Capital; (ii) the expected demand for the B&G Construction Services in FY2020 in view of the business development of the Group; (iii) the estimated contract value and any payment arrangement of on-going project of the Group; and (iv) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Group is providing the B&G Construction Services to B&G Capital in relation to two construction projects (namely, the D Pristine Medini Project and the Selayang (VR 5) Project). The Group succeeded in getting the two construction projects awarded to it by B&G Capital after the tender process back in 2014 and 2016, respectively. Details of the two construction projects are set out below:

		Background	Nature of Services	Date of Agreement	Consideration/ Contract Sum	Expected Completion Date
1.	The D Pristine Medini Project	A construction project for an office tower and a shopping mall located in Johor Bahru, Malaysia	Main contractor for the provision of construction work and supply of labour, materials, machinery and tools	1 March 2014	RM580,000,000	December 2020
2.	The Selayang (VR 5) Project	A residential construction project located in Selangor, Malaysia	Main contractor for the provision of construction work and supply of labour, materials, machinery and tools	10 October 2016	RM66,850,000	April 2020

In determining the estimated demand for the B&G Construction Services to be provided by the Group for FY2020, the Group has considered the remaining revenue in the amount of approximately RM70.0 million expected to be recognised by the Group under the existing construction projects with B&G Capital Group (which was calculated with reference to the approved forecasted figures) scheduled to be completed by 30 September 2020.

As described in more details in the section headed “Letter from the Board – Tendering Policy and Procedures” of the Circular, the tender prices of the two construction projects under the New Master B&G Construction Agreement were determined based on, among others, the preliminary price quotations from potential suppliers and sub-contractors, the Group’s desired profit margin, pricing strategy, and potential risks of the project. The project team, which is led by the project director, is responsible for determining the desired profit margin of the construction projects. In determining the desired profit margin for a particular construction project, factors including the client’s background (such as the credit risk profile), the location, work programme or requirements and expected project timeline of the construction project, as well as the overall market condition of the construction industry in Malaysia would be taken into account. For instance, in general, the Group is able to charge higher profit margins for constructions projects at sites located at lands with bad conditions and with an urgent timeline. The gross profit margin to be charged by the Company for the D Pristine Medini Project and the Selayang (VR 5) Project, falls within the Group’s profit margin range (which is generally at a range of approximately 7.0% to 11.0% on a per client basis and varies from client to client depending on resources and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

funds to be allocated to the clients' projects, as well as the overall market condition of the construction industry in Malaysia). Given that the tender prices and gross profit margin of the two construction projects were arrived at after going through the Group's tendering policy and procedures, the Company considers that they are fair and reasonable and on terms no less favourable to those provided by independent third parties.

Save as disclosed above and as at the Latest Practicable Date, the Company is not expected to enter into any new construction project with B&G Capital that will involve further services similar to the B&G Construction Services.

In connection with the New B&G Annual Cap, we have obtained and reviewed the estimated revenue from B&G Capital Group for FY2020 as provided by the Group's management. The estimated transaction amount with B&G Capital Group was based on the value of the B&G Construction Services which had been awarded by B&G Capital Group. Based on the information provided by the Group's management, such estimated amount of B&G Construction Services is in line with the underlying construction contracts entered into with B&G Capital Group, and the New B&G Annual Cap of approximately RM70.0 million for FY2020 are in line with the aforementioned management's estimation of the amounts of potential B&G Construction Services for the year. The management has confirmed that such New B&G Annual Cap represents works that are required by B&G Capital Group as per the relevant construction schedule for FY2020, with a slight buffer of approximately 5% as allowance for any currently unforeseen variation of works or contingencies.

In view of (i) the provision of the B&G Construction Services is of a revenue nature to the Group and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group; (ii) the provision of the B&G Construction Services is expected to be an important contributor to the revenue of the Group's construction services segment which is one of the Group's principal daily business operations; (iii) the pricing of the ongoing construction service contracts entered into between the Group and B&G Capital has generated slightly higher levels of average gross profit margin as compared to (a) the average gross profit margin of the Group's other independent third party customers; and (b) the gross profit margin of the Group for the year ended 30 September 2018, and the relevant terms are therefore fair and reasonable as discussed in section 4.3 of this letter; and (iv) the New B&G Annual Cap is in line with the estimated B&G Construction Services as per the construction schedule for the property development projects for FY2020 with inclusion of only a slight buffer, we are of the view that the New B&G Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Internal control measures

Set out in the section headed “Letter from the Board – Internal Control Measures” of the Circular is the Company’s IC Policy adopted to regulate its connected transactions such as the Transactions and to avoid potential conflict of interest for personnel of the Contract Department and the Tender Department with the Company’s connected persons. Shareholders who wish to find out more may refer to that section in the Circular for further details. Upon a review of such measures, it would appear to be in line with customary measures adopted by other listed companies with regards to their connected transactions and also appear to avoid potential conflict of interest between personnel of the Tender Department and Contract Department and the connected persons of the Group in relation to determination of pricing/cost of the construction works.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the opinion that the terms of the Transactions (including the continuing connected transactions contemplated under the New Master EXA Agreement and the New Master B&G Construction Agreement, and the proposed the New EXA Annual Caps and the New B&G Annual Cap) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Kevin So
Director – Investment Banking Department

Note: Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore’s type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company and associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered on the register maintained by the Company referred to therein, or which were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Shares

Name of Directors	Capacity/Nature of Interest	Interests in Shares	Percentage of shareholding (Note 3)
Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Barry Goh") (Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Teh Kok Lee (Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%

Name of Directors	Capacity/Nature of Interest	Interests in Shares	Percentage of shareholding (Note 3)
Dato' Mohd Arifin bin Mohd Arif ("Dato' Arifin") (Note 2)	Interest of a controlled corporation	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

- On 15 December 2016, Tan Sri Barry Goh and Dato' Teh Kok Lee 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 the Company and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in the Prospectus.

As at the Latest Practicable Date, 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 owned by Seeva International Limited ("**Seeva International**") which in turn is beneficially and wholly owned by Dato' Teh Kok Lee. Each of Tan Sri Barry Goh and Dato' Teh Kok Lee is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

- The entire issued share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin, and therefore, Dato' Arifin is deemed to be interested in all the 141,750,000 Shares held by Kingdom Base under provisions of SFO.
- These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at the Latest Practicable Date.

Interest in the shares of associated corporations

Name of Directors	Name of associated corporations	Capacity/ Nature of Interest	Interests in ordinary shares	Percentage of shareholding
Tan Sri Barry Goh	Prosper International	Beneficial owner	100	100%
Dato' Teh Kok Lee	Seeva International	Beneficial owner	1	100%

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register 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 Mode Code set out in Appendix 10 to the Listing Rules.

(b) Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, the following persons/entities had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Division 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 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	Beneficial owner	141,750,000 (L)	7.9%

“L” denotes long position

Notes:

- On 15 December 2016, Tan Sri Barry Goh and Dato' Teh Kok Lee 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 the Company and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed “History, Development and Reorganisation – Concert Party Confirmatory Deed” in the Prospectus.

As at the Latest Practicable Date, 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 owned by Seeva International Limited (“**Seeva International**”) which in turn is beneficially and wholly owned by Dato' Teh Kok Lee. Each of Tan Sri Barry Goh and Dato' Teh Kok Lee is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

- These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 September 2018, being the date which the latest published audited financial statements of the Group were made up.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors nor their respective close associates had any interest in any business which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of the Group.

6. OTHER INTEREST OF THE DIRECTORS

As at the Latest Practicable Date, save as disclosed in this circular:

- (a) none of the Directors had any interest, either director or indirect, in any assets which have, since 30 September 2018 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and is significant in relation to the business of the Group.

7. LITIGATION

On 28 March 2019, the Company announced that it had received a writ of summons together with an indorsement of claim dated 19 March 2019 issued in the High Court of Shah Alam, Malaysia by 47 plaintiffs against Kingsley Hills Sdn Bhd, as the first defendant for breach of the sale and purchase agreements entered into between the plaintiffs and the first defendant and BGMC Corporation Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company, as the second defendant for breach of the construction agreements entered into between the plaintiffs and the second defendant. Please refer to the Company's announcement of 28 March 2019 for further details of the litigation.

As at the Latest Practicable Date, the trial has not yet commenced and the effect of the case on the Company cannot be assessed, and as such, the Directors consider that any amount of obligation and its likelihood in relation to this litigation cannot be measured with sufficient reliability. Further, the Company will categorically defend its position in the interest of the Company and its Shareholders as a whole.

8. EXPERT AND CONSENT

The followings are the name and qualifications of the professional adviser who has given opinions or advice which are contained or referred to in this circular:

Name	Qualification
Grand Moore Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Grand Moore Capital Limited has no beneficial interest in the share capital of any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or do not have any interest, either directly or indirectly, in any assets which have been, since 30 September 2018, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

Grand Moore Capital Limited has given and has not withdrawn its written letters of consent to the issue of this circular with the inclusion herein of reference to its name in the form and context in which they appear.

The letter and recommendation given by Grand Moore Capital is given as at the date of this circular for incorporation herein.

9. GENERAL

- (a) The company secretary of the Company is Sir Kwok Siu Man KR. He is a member of the Institute of Public Accountants in Australia, the Institute of Chartered Secretaries and Administrators and the Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The principal place of business of the Company in Malaysia is A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia.

- (d) The principal place of business of the Company in Hong Kong is 31/F, 148 Electric Road, North Point, Hong Kong.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any Business Day at the place of principal business of the Company in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong for 14 days from the date of this circular:

- (a) the letter from the Board dated 29 October 2019, the text of which is set out on pages 4 to 21 of this circular;
- (b) the letter from the Independent Financial Adviser dated 29 October 2019, the text of which is set out on pages 24 to 43 of this circular;
- (c) the written consent referred to in the section headed “Expert and Consent” in this Appendix;
- (d) a copy of the Existing Master EXA Agreement;
- (e) a copy of the Existing Master B&G Construction Agreement;
- (f) a copy of the New Master EXA Agreement;
- (g) a copy of the New Master B&G Construction Agreement; and
- (h) a copy of this circular.

NOTICE OF EGM



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of BGMC International Limited (the “**Company**”) will be held at 10:00 a.m. on Monday, 18 November 2019 at Horizon 2, Level R@ Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments or supplements:

ORDINARY RESOLUTIONS

1. **“THAT** the master sub-contracting agreement dated 10 September 2019 entered into between the Company and EXA Power Sdn. Bhd., a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for identification purpose (the “**New Master EXA Agreement**”), the proposed annual cap amounts for the continuing connected transactions under the New Master EXA Agreement for each of the years ending 30 September 2020 and 2021 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified”;
2. **“THAT** the master construction agreement dated 10 September 2019 entered into between the Company and B&G Capital Resources Berhad, a copy of which has been produced to the EGM marked “B” and signed by the chairman of the EGM for identification purpose (the “**New Master B&G Construction Agreement**”), the proposed annual cap amount for the continuing connected transactions under the New Master B&G Construction Agreement for the year ending 30 September 2020 and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified”; and
3. **“THAT** any director(s) of the Company be and is/are hereby authorised, for and on behalf of the Company, to enter into any agreement, deed or instrument and/or to execute and deliver all such documents and/or do all such acts on behalf of the Company as he/she may consider necessary, desirable or expedient for the purpose of, or in connection with; (i) the New Master EXA Agreement; (ii) the New Master B&G Construction Agreement; and/or (iii) any amendment, variation or modification of the

NOTICE OF EGM

New Master EXA Agreement and/or the New Master B&G Construction Agreement, upon such terms and conditions as the board of directors of the Company may think fit.”

By order of the Board
BGMC International Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Selangor, Malaysia, 29 October 2019

Notes:

- (a) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) To be valid, the instrument appointing a proxy together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting.
- (c) Completion and return of the form of proxy will not preclude any member from attending and voting in person at the EGM if so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.
- (d) To ascertain a member's entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed for registration of transfer of shares of the Company (the “**Shares**”) from Wednesday, 13 November 2019 to Monday, 18 November 2019, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 12 November 2019.
- (e) References to time and dates in this notice are to Hong Kong time and dates.
- (f) As at the date of this notice, the board of directors of the Company comprises Tan Sri Dato' Sri Goh Ming Choon (Chairman), Dato' Mohd Arifin bin Mohd Arif (Vice-chairman), Dato' Teh Kok Lee (Chief Executive Officer) and Ir. Azham Malik bin Mohd Hashim as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung as independent non-executive Directors.