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BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

ANNOUNCEMENT

This announcement is made by BGMC International Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to provide an update on the business status of the Company.

Since the outbreak of COVID-19, the Government of Malaysia has implemented Movement Control Order (“**MCO**”) on 18 March 2020 with certain relaxation on 4 May 2020 and 10 June 2020 respectively, which has adversely affected the Group’s construction business as well as the construction field work progress due to the restrictions on mass gathering. Under the unprecedented challenging business environment, the Group is currently engaged in negotiation with certain contractors for extension of time in repayment of payables and/or for completing constructions works. Despite continuous efforts of the Group in attempting to enter into settlements, certain parties have issued demand letter and/or brought legal proceedings against the Group, a summary of which are set out below:

1. **Legal proceedings since the publication of the 2019 annual report of the Company** – members of the Group, in the ordinary course of business and due to various factors such as commercial disputes and/or alleged late payment and/or alleged failure to complete project on time, since the publication of the 2019 annual report (1) have been named as defendants in a total of 14 legal proceedings initiated by contractors, for a total claim amount of approximately RM6.1 million, and each claim amount is below RM2.0 million; (2) have been named as defendants in one legal proceeding in which a steel bar contractor claimed for late payment of steel bar in the amount of approximately RM6.6 million; and (3) initiating one arbitration proceeding where a subsidiary of the Company, in the ordinary course of business, had a dispute with a former customer who served notice to terminate construction contracts with the Group, alleging that the Group delayed in completing two construction projects. The said contractor had sought to forfeit the Group’s performance bond in the amount of approximately RM25.8 million. The Group has sought interim injunction order against forfeiture of the performance bond and will dispute the claim.

With respect to the above legal proceedings, the Group, as appropriate, will dispute the claim and/or engage in active negotiation with the respective plaintiffs on reaching settlements. The Group has also been evaluating all viable methods to realize cash resources to settle the outstanding amounts.

2. **Legal proceedings as disclosed in 2019 annual report** – As disclosed on page 72 of the 2019 annual report of the Company, the Group was involved in two legal actions which are still on-going as at the date of this announcement, and there has not been any material development in these legal actions since the publication of 2019 annual report up to the date of this announcement. The Company will provide update of any material development as and when appropriate.

The Board will make further announcement with respect to the above as and when appropriate.

For and on behalf of
BGMC International Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Hong Kong, 30 June 2020

As at the date of this announcement, the Board 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.