



BGMC International Limited
璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock code 股份代號: 1693)

INTERIM
REPORT
中期報告
2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Tan Sri Dato' Sri Goh Ming Choon
(Chairman)

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

Dato' Teh Kok Lee
(Chief Executive Officer)

Ir. Azham Malik bin Mohd Hashim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tan Sri Dato' Seri Kong Cho Ha

Chan May May

Kua Choh Leang

AUDIT COMMITTEE

Kua Choh Leang *(Chairman)*

Tan Sri Dato' Seri Kong Cho Ha

Chan May May

REMUNERATION COMMITTEE

Chan May May *(Chairman)*

Tan Sri Dato' Sri Goh Ming Choon

Kua Choh Leang

NOMINATION COMMITTEE

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

Dato' Teh Kok Lee

Chan May May

COMPANY'S WEBSITE ADDRESS

www.bgmc.asia

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

A-3A-02, Block A, Level 3A
Sky Park One City
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47650 Subang Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, 148 Electric Road
North Point
Hong Kong

REGISTERED OFFICE

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

PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

1693

BOARD LOT

4,000 shares

COMPANY SECRETARY

Sir Kwok Siu Man KR, *FCIS, FCS*

AUTHORISED REPRESENTATIVES

Dato' Teh Kok Lee

Sir Kwok Siu Man KR, *FCIS, FCS*

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Clifton House, 75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

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

INDEPENDENT AUDITOR

Deloitte PLT

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

PRINCIPAL BANKERS

United Overseas Bank Limited

23/F, 3 Garden Road
Central
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (“**Board**” and “**Directors**”, respectively) of BGMC International Limited (“**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively “**Group**” or “**BGMC**”) for the six months ended 31 March 2020 (“**1H2020**” and “**Interim Results**”, respectively), together with the restated comparative figures for the six months ended 31 March 2019 (“**1H2019**”), and certain comparative figures as at 30 September 2019. The restatement of 1H2019 interim results is due to the prior years adjustments (“**Prior**

Years Adjustments”), which has been disclosed in the 2019 Annual Report and note 19 of the condensed consolidated financial statements of the Group for 1H2020 (“**Condensed Consolidated Financial Statements**”). The unaudited condensed consolidated financial results of the Group for 1H2020 have been reviewed by the Company’s audit committee (“**Audit Committee**”) and approved by the Board on 15 July 2020. All amounts set out in this interim report are presented in Malaysian Ringgit (“**RM**”) unless otherwise indicated.

Business Review

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

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structure segment	Focuses on construction of low-rise and high-rise residential and commercial properties, factories as well as government-led infrastructure and facility projects.
	Energy Infrastructure segment	Has two previously independent businesses: (a) design and construction of medium and high voltage power substations; and (b) installation of medium and high voltage underground cabling systems. Is also responsible for the new task of establishing and developing a utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infrastructure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthwork and Infrastructure segment	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infrastructure installation.
Concession and Maintenance	Build, Lease, Maintain and Transfer (“ BLMT ”) model	A concession to build a campus over a three-year period and to lease it to UiTM for a period of 20 years, and to provide asset management services for 20 years.
	Build, Own and Operate (“ BOO ”) model	A concession to build a solar power plant, and to generate and to sell such power generated from the plant to national utility companies for 21 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Construction Services Sector

Construction Services sector has contributed RM31.3 million or 31.0% of the consolidated revenue in 1H2020, as compared with RM124.3 million or 82.0% in 1H2019. The substantial decrease in revenue was due to the impact of the estimated LAD for all the major on-going projects. These projects were not only delayed by the activities at the construction site, but also completely stopped from operating upon the imposition of the MCO by the Government of Malaysia since 18 March 2020 and during the reporting period. All the project sites remained closed and not operable during the MCO period. The net impact of accounting for the LAD was for the revenue to be deducted by LAD in an amount of RM149.3 million. These estimations are nevertheless, recoverable upon the Group obtaining the EOT for each individual project.

During 1H2020, the Construction Services sector has secured five contracts worth RM18.2 million.

As at 31 March 2020, BGMC's order book stood at RM2.8 billion (30 September 2019: RM2.8 billion) and had an outstanding order book of RM1.3 billion (30 September 2019: RM1.2 billion).

Subsequent to the reporting period, the Group had received notice of termination for the Sentral Suites projects. The total contract sum for the terminated projects is RM515.9 million. The order book of the Group will therefore be reduced to RM2.3 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Building and Structure segment

As the leading segment of the Construction Services sector and of the Group as a whole with its sizeable contracts on hand, the Building and Structure segment had a negative contribution of RM5.3 million or -5.3% to the Group's consolidated revenue in 1H2020, as compared with RM102.0 million or 67.4% of the consolidated revenue for 1H2019. This decrease was mainly due to the delays of construction progress in all the major on-going projects caused by both activities on the sites and the closure of all sites by the imposition of MCO.

During 1H2020, this segment did not secure any new project as the Group switches its focus to increase the productivity and work done for the existing on-going projects. The immediate objective is to deploy more resources to implement the existing projects at a faster pace and therefore reduces any delay that is currently recorded. Besides aiming to complete the projects soonest, these steps may also increase the contribution towards the revenue recognition in the immediate future. Meanwhile, the Group is also in the midst of obtaining the necessary EOT to cover the delays caused by both the activities at the sites and the MCO.

As at 31 March 2020, the Building and Structure segment had an outstanding order book of RM1.1 billion (30 September 2019: RM1.1 billion).

Subsequent to the reporting period, the Building and Structure segment had received notice of termination for the Sentral Suites projects. The total contract sum for the terminated projects is RM515.9 million.

Energy Infrastructure segment

During 1H2020, the Energy Infrastructure segment has contributed a revenue of RM30.6 million or equivalent to 30.2% of the Group's consolidated revenue, as compared with RM3.6 million or 2.4% of the consolidated revenue for 1H2019. This increase was due to (i) the changes of the revenue mix of the Group; (ii) completion of the installation of major equipment at the power substation project PMU 275/132 kilovolt ("**KV**") Damansara Heights and; (iii) the work progress at two 132kV underground cabling works contracts, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim projects.

As at 31 March 2020, Energy Infrastructure segment had an outstanding order book of RM33.3 million (30 September 2019: RM59.8 million).

Mechanical and Electrical segment

The Mechanical and Electrical segment has recorded a revenue of RM5.1 million or 5.1% contribution to the Group's consolidated revenue for 1H2020, as compared with RM12.5 million or 8.2% contribution to the consolidated revenue for 1H2019. A decrease was recorded as most of the on-going projects were still in the early stage of progress.

As at 31 March 2020, the Mechanical and Electrical segment had an outstanding order book of RM89.2 million (30 September 2019: RM79.1 million).

Earthwork and Infrastructure segment

The Earthwork and Infrastructure segment has recorded a revenue of RM1.0 million for 1H2020, or 1.0% of the Group's consolidated revenue, as compared with RM6.2 million or 4.1% contribution recorded in 1H2019. The decrease of the segment revenue was mainly because all the projects had been completed and the Group was proceeding to prepare the final account for the projects. Activities in this segment will become minimal going forward while the resources will be redeployed to other segments.

Concession and Maintenance Sector

BGMC has two PPP contracts currently, namely a concession contract with UiTM which is operated under the BLMT model, and the Solar Power Purchase Agreement signed with Tenaga Nasional Berhad ("**TNB**"), a sole power distributor for Peninsular Malaysia, which is operated under BOO model.

MANAGEMENT DISCUSSION AND ANALYSIS

BLMT Model – UiTM Campus

There are two sources of income derived from this concession contract, namely the imputed interest income, and building maintenance service income. During 1H2020, the BLMT model has brought a total income of RM26.6 million to the Group, representing 26.3% of its consolidated revenue, as compared with a total income of RM26.8 million or 17.7% of the consolidated revenue for 1H2019.

As at 31 March 2020, the remaining period of the concession stood at 15 years and 8 months. The outstanding imputed interest income and contract value for the building maintenance services as at 31 March 2020 stood at RM757.5 million (30 September 2019: RM788.5 million) and RM168.8 million (30 September 2019: RM173.8 million) respectively, receivable over the remaining period of the concession.

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

This new concession contract that the Group has entered into is a contract to build a LSSPV plant, to generate and to sell the power generated from the plant to TNB. The plant has an output capacity of 30 megawatts alternate current (“**MWac.**”) located at Kuala Muda, Kedah, Malaysia.

Currently, BGMC has achieved the financial closure for this contract and will be on track to achieve the commercial operation date of the plant targeted before 30 September 2020, after which the LSSPV plant is to operate and generate another source of recurring income for the Group for over 21 years.

During 1H2020, the BOO business model has a revenue of RM63.1 million (1H2019: RM2.2 million), representing 62.4% of the consolidated revenue of the Group. As the LSSPV plant is still under construction stage, this revenue arose from the adoption of *IFRIC 12 “Service Concession Arrangements”*.

Financial Review

Gross Loss

The Group’s gross loss increased from RM23.4 million (restated) in 1H2019 to RM130.9 million in 1H2020. The increase of gross loss was mainly due to the impact of the estimated LAD in all the major on-going projects caused by the activities at construction site and the imposition of the MCO in Malaysia.

Administrative and Other Expenses

Administrative and other expenses increased from RM31.3 million in 1H2019 to RM33.8 million in 1H2020, mainly due to an increase in net impairments for trade and other receivables of RM9.8 million despite a reduction in staff cost from RM16.4 million in 1H2019 to RM13.0 million in 1H2020.

Finance Costs

Finance costs increased from RM9.3 million in 1H2019 to RM11.8 million in 1H2020, representing an increase of RM2.5 million. This increase was mainly resulted from (i) an increase in interest accrued for the issued RPS amounting to RM1.4 million; and (ii) the usage of banking facilities for the implementation of projects.

Income Tax Expense

Income tax expense increased from RM3.3 million in 1H2019 to RM9.8 million in 1H2020 due to reversal of deferred tax asset amounting to RM3.6 million and under provision of income tax expenses amounting to RM2.0 million.

Liquidity, Financial Resources and Capital Structure

Net gearing ratio of the Group (calculated by dividing the net debts by equity attributable to owners of the Company) stood at 2.20 times as at 31 March 2020 as compared to 0.89 time as at 30 September 2019. This increase was mainly due to the issuance of RPS for the construction and establishment of LSSPV plant and a decrease in the total equity attributable to the owners of the Company to a total of RM112.0 million.

Total borrowing of RM308.7 million as at 31 March 2020 (30 September 2019: RM301.4 million) included an outstanding term loan previously drawn down for the construction of the UiTM campus of RM192.7 million (30 September 2019: RM204.7 million), and this campus area has been leased to UiTM since its completion in November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash balances (including fixed deposits) stood at RM67.3 million as at 31 March 2020 as compared with RM63.9 million as at 30 September 2019, representing an increase of RM3.4 million. However, the Group's unrestricted cash balance falls from RM35.3 million as of 31 March 2019 to RM17.5 million as of 31 March 2020.

As disclosed in the announcement dated 30 June 2020, 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 construction project. The said contractor had sought to forfeit the Group's performance bond in the amount of approximately RM25.8 million. The Group has obtained interim injunction order against forfeiture of the performance bond and will dispute the claim. However, if the former customer successfully forfeits the performance bond against the Group, then the Group would need to compensate the bank who issued the said performance bond with cash in the equivalent amount of RM25.8 million.

As at the date of this interim report, the Company is negotiating with banks over repayment of overdue bank loans of approximately RM58.0 million.

Net Current Liabilities

Net current liabilities of the Group stood at RM87.9 million as at 31 March 2020, as compared with net current liabilities of RM61.7 million as at 30 September 2019, representing an increase of RM26.2 million. This increase was due to an increase of contract liabilities resulted mainly from the estimated LAD.

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

Treasury Policies

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

Capital Expenditure

Capital expenditure mainly consisted of procurement of construction machinery and equipment such as aluminium formwork system, which was funded by hire purchase, the net proceeds from its global offering completed in August 2017 and internally generated funds. During 1H2020, BGMC acquired RM0.1 million worth of construction machinery and equipment compared with RM0.2 million for 1H2019.

Foreign Exchange Exposure

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

Significant Investment Held

Save for the investment held in associates and subsidiaries as disclosed in the Company's 2019 Annual Report for the year ended 30 September 2019, the Group did not hold other significant investment during 1H2020.

Employees and Remuneration Policies

As at 31 March 2020, the Group's workforce stood at 373 employees compared with 411 employees as at 31 March 2019. Total staff costs incurred in 1H2020 were RM13.0 million as compared with RM16.4 million recorded in 1H2019.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has adopted a share option scheme which became effective on the Listing Date to enable the Board to grant share options to eligible participants, giving them an opportunity to have a personal stake in the Company. As at the date of this interim report, there was no outstanding share option granted under the share option scheme.

Legal Proceedings

Since the outbreak of the 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 in the announcement dated 30 June 2020.

Future Prospect

The 1H2020 has so far been a very tough period for BGMC. The spill-over impact from the sluggish property market and the global economic turbulence in year 2019 have continued to plague both the Group’s top and bottom lines. The Group’s projects were also affected by the disruption to

the supply chain of building materials when China imposed a lock-down of its major cities to contain the spread of the COVID-19. This disruption has partially caused a slowdown in the progress of all our major projects particularly the construction of large-scale solar plant. As the lock-down in China started at the end of January, the manufacturers are not able to deliver some of the key equipment as planned and have pushed back the delivery plan. The situation is made more complicated when the Government of Malaysia imposed the MCO, effectively ceasing all construction activities at our projects site, except for those necessary maintenance tasks.

The Board and management of BGMC recognise the challenges along the path ahead, especially with all the challenges that are all beyond our control and have formulated feasible strategies to make BGMC survive this tough situation. Our immediate focus is to manage our operating cost more efficiently while deploying the right resources to speed up the progresses at all major on-going projects. In the meantime, negotiations to procure the necessary extension of time for the projects will continue until satisfactory results are achieved.

While extra cares are given to manage the projects, we will also focus on meeting the Group’s financial needs during this exceptional time. This is of utmost important as the Group’s finances were facing challenges before the Outbreak as losses were recorded in the previous financial year. More hiccups and setbacks are expected as zero income will be realised during

the MCO period since our offices and all the project sites are stopped from operating. Strengthening the Group’s liquidity and building up a war chest will be paramount to ensure the Group’s ability to sail through this turbulence. To bolster the Group’s position to repay borrowings and to meet the working capital need, we will strategize to monetise the Group’s assets. Not only will this move assist in generating cash to the Group, it may also help the Group in realising its long-term investment immediately.

We reckon with the statement of Mr. Jack Ma (the co-founder and former executive chairman of the Alibaba Group) of “business staying alive in year 2020 is itself a profit”, we will nevertheless strive to do better than staying alive. With more than 20 years of experiences and as an integrated solutions provider in the construction services industry, BGMC will stay committed to ensure we have what it takes to ride through this challenging period. Under the financial pressure to settle all the payables, maintain sufficient cash to cater for potential liability in legal proceedings as well as maintain sufficient working capital, the Group is evaluating all the viable solutions to generate cash to survive through this difficult time.

Contingent Liabilities

Details of the Group’s contingent liabilities up to the date of this interim report are set out in note 17 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 31 March 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (“SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (“Model Code”) set out in Appendix 10 to the Listing Rules were as follows:

Interests in the shares in the Company (“Shares”)

Name of Directors	Capacity/ Nature of interests	Number of shares ^(Note 1)	Percentage of shareholding ^(Note 3) in the Company
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 (“Dato’ Michael Teh”) ^(Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
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:

- (1) On 15 December 2016, Tan Sri Barry Goh and Dato’ Michael Teh entered into a concert party confirmatory deed (“**Concert Party Confirmatory Deed**”) to acknowledge and confirm, among other things, that they had been parties acting in concert with each other with respect to their interests in or the business of the relevant members of the Group since they became shareholders of BGMC Holdings Berhad 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 31 March 2020, the 1,208,250,000 shares interested by them in aggregate consisted of (i) 864,000,000 shares beneficially owned by Prosper International Business Limited (“**Prosper International**”) which in turn is beneficially and wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 shares beneficially and owned by Seeva International Limited (“**Seeva International**”) which in turn is beneficially wholly-owned by Dato’ Michael Teh. Each of Tan Sri Barry Goh and Dato’ Michael Teh is deemed to be interested in all the shares held or deemed to be held by them in aggregate by virtue of the SFO.

- (2) The entire issued share capital of Kingdom Base Holdings Limited (“**Kingdom Base**”) is owned by Dato’ Arifin, and therefore, Dato’ Arifin is deemed to be interested in all the 141,750,000 shares held by Kingdom Base under the provisions of SFO.
- (3) These percentages are calculated on the basis of 1,800,000,000 shares in issue as at 31 March 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interest in the Shares of Associated Corporations

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

Save as disclosed above, as at 31 March 2020, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors or the chief executive of the Company are aware of, as at 31 March 2020, the following corporations had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity/ Nature of interests	Number of Shares held	Percentage of shareholding <small>(Note 2)</small>
Prosper International ^(Note 1)	Beneficial owner and interests held jointly with another persons	1,208,250,000 (L)	67.1%
Seeva International ^(Note 1)	Beneficial owner and interests held jointly with another persons	1,208,250,000 (L)	67.1%
Kingdom Base	Beneficial owner	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

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

The 1,208,250,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by 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 which in turn is beneficially and wholly-owned by Dato' Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the Shares held or deemed to be held by Tan Sri Barry Goh and Dato' Michael Teh in aggregate by virtue of the SFO.

- (2) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 31 March 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 31 March 2020, no corporation/person (not being a Director or the chief executive of the Company) had any interests or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

Changes in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors since the date of the Company's 2019 Annual Report are set out below:

- With effect from 3 July 2020, Mr. Ng Yuk Yeung has resigned as an independent non-executive Director and ceased to be the chairperson of the Audit Committee and a member of the remuneration committee of the Board (the "RC"), due to his intention to devote more time to his own business after expiry of his appointment term on 3 July 2020. Further details were disclosed in the Company's announcement dated 3 July 2020.
- With effect from 3 July 2020, Mr. Kua Choh Leang has been appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the RC. Further details were disclosed in the Company's announcement dated 3 July 2020.

Share Option Scheme

The Company has adopted the Share Option Scheme on the Listing Date to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. As at 31 March 2020, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed during 1H2020. Further details of the Share Option Scheme are set out in the Company's 2019 annual report.

Pledge of Assets

The net book value of plant and equipment pledged for long term finance lease as at 31 March 2020 amounted to RM14.2 million compared to RM19.5 million as of 30 September 2019. Certain banking facilities of the Group were secured by the Group's bank deposits of RM49.9 million as of 31 March 2020 compared with RM47.1 million as at 30 September 2019.

Purchase, Sale or Redemption of Company's Listed Securities

During 1H2020 and thereafter up to the date of this interim report, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

Corporate Governance Code Compliance

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

The Company has adopted the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During 1H2020, the Company has complied with the applicable code provisions of the CG Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Non-Compliance with the Listing Rules

The Company was unable to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing its Interim Results; and (ii) publishing its interim report for 1H2020 ("**Interim Report**"). Such delay has constituted non-compliance with Rules 13.49(6) and 13.48(1) of the Listing Rules.

Dividend

The Board has resolved not to declare the payment of any interim dividend for 1H2020 (1H2019: Nil).

Event after the Reporting Period

The Outbreak has significantly disrupted many business operations and caused drastic slowdown of the economy worldwide. It is hard to estimate fairly the full impact on the business at the date of this interim report. The Company will continue to observe and develop suitable strategies to cope with the situation.

Please refer to note 18 to the condensed consolidated financial statements, "Event After the Reporting Period".

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code during the 1H2020.

Review of Results by Audit Committee

The Audit Committee was established on 3 July 2017 with written terms of reference in compliance with code provision C.3 of the CG Code and Rule 3.22 of the Listing Rules. Such written terms of reference were revised on 31 December 2018 to conform with the requirements under the CG Code and the Listing Rules. The Audit Committee has reviewed the unaudited Condensed Consolidated Financial Statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

Publication of Interim Results and Interim Report

This Interim Report of the Company for 1H2020 containing all the information required by the Listing Rule is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.bgmc.asia.

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

Selangor, Malaysia, 15 July 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 March 2020

	Notes	1H2020 RM (Unaudited)	1H2019 RM (Restated)*
Revenue	4	101,182,089	130,008,849
Cost of sales		(232,073,207)	(153,433,870)
Gross loss		(130,891,118)	(23,425,021)
Income from concession agreements	4	24,169,597	21,505,220
Other income		4,235,062	1,255,338
Administrative and other expenses		(33,785,868)	(31,262,339)
Other losses		(1,790,440)	(4,754,575)
Finance costs		(11,798,729)	(9,337,153)
Loss before tax	5	(149,861,496)	(46,018,530)
Income tax expense	6	(9,841,246)	(3,329,252)
Loss and total comprehensive loss for the period		(159,702,742)	(49,347,782)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(154,521,172)	(46,717,081)
Non-controlling interests		(5,181,570)	(2,630,701)
		(159,702,742)	(49,347,782)
Loss per share			
Basic and diluted (RM sen)	7	(8.58)	(2.60)

* The restatement of 1H2019 was due to Prior Years Adjustments as disclosed in note 19.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	31,859,931	36,056,623
Right-of-use assets		19,229,526	–
Investment property under construction		507,297	507,297
Investment in associate		2	2
Investment in redeemable convertible preference shares		4,273,439	6,613,439
Derivative assets		–	2,364,940
Goodwill	16	–	2,154,870
Intangible assets		12,574,226	12,834,693
Share application monies		2,885,900	2,885,900
Deferred tax assets		–	3,601,871
Trade receivables	9	337,896,199	277,358,306
Total Non-Current Assets		409,226,520	344,377,941
Current Assets			
Inventories	10	11,579,847	15,439,794
Investment in redeemable convertible preference shares		9,971,359	15,431,359
Trade and other receivables, deposits and prepaid expenses	9	119,861,685	139,113,819
Contract assets	11	258,765,449	301,631,477
Tax recoverable		4,040,091	13,784,254
Fixed deposits		36,899,698	39,657,805
Cash and bank balances		30,417,327	24,274,634
Total Current Assets		471,535,456	549,333,142
Total Assets		880,761,976	893,711,083

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	12	9,862,255	9,862,255
Reserves		102,099,412	256,695,982
Equity attributable to owners of the Company		111,961,667	266,558,237
Non-controlling interests		(5,727,088)	(545,518)
Total Equity		106,234,579	266,012,719
Non-Current Liabilities			
Obligations under finance leases		-	2,227,309
Redeemable preferences shares ("RPS")		31,730,000	-
Borrowings		145,055,009	-
Share application monies		5,499,810	-
Lease liabilities		19,145,925	-
Derivative liabilities		-	2,700,000
Deferred tax liabilities		13,684,166	11,750,810
Total Non-Current Liabilities		215,114,910	16,678,119
Current Liabilities			
Contract liabilities	11	125,883,892	7,120,062
Trade and other payables	13	292,684,901	257,832,978
Obligations under finance leases		-	6,394,446
Borrowings		131,880,700	301,438,389
Share application monies		-	37,229,810
Amount due from associate		2,938,000	-
Lease liabilities		5,328,277	-
Tax liabilities		696,717	1,004,560
Total Current Liabilities		559,412,487	611,020,245
Total Liabilities		774,527,397	627,698,364
Total Equity and Liabilities		880,761,976	893,711,083

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 March 2020

	Share Capital RM	Share Premium RM	Other Reserve RM	Retained Earnings RM	Total RM	Non- Controlling Interest RM	Total Equity RM
At 1 October 2018 (Audited)	9,862,255	135,571,100	65,000,094	119,198,250	329,631,699	5,693,979	335,325,678
Adjustment on adoption of International Financial Reporting Standard ("IFRS 9")	-	-	-	(1,447,230)	(1,447,230)	(806,750)	(2,253,980)
Prior years' adjustment	-	-	-	(8,563,454)	(8,563,454)	(6,164,352)	(14,727,806)
As restated	9,862,255	135,571,100	65,000,094	109,187,566	319,621,015	(1,277,123)	318,343,892
Loss and total comprehensive loss for the period* (Restated)	-	-	-	(46,717,081)	(46,717,081)	(2,630,701)	(49,347,782)
Contribution by non-controlling interest	-	-	-	-	-	2,940,000	2,940,000
At 31 March 2019 (Unaudited)	9,862,255	135,571,100	65,000,094	62,470,485	272,903,934	(967,824)	271,936,110
As 1 October 2019 (Audited)	9,862,255	135,571,100	65,000,094	56,124,788	266,558,237	(545,518)	266,012,719
Adjustment on adoption of International Financial Reporting Standard ("IFRS 16")	-	-	-	(75,398)	(75,398)	-	(75,398)
Loss and total comprehensive loss for the period	-	-	-	(154,521,172)	(154,521,172)	(5,181,570)	(159,702,742)
At 31 March 2020 (Unaudited)	9,862,255	135,571,100	65,000,094	(98,471,782)	111,961,667	(5,727,088)	106,234,579

* The restatement of loss and total comprehensive loss for the financial period ended 31 March 2019 was due to Prior Years Adjustment as disclosed in note 19.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2020

	1H2020 RM (Unaudited)	1H2019 RM (Restated)*
OPERATING ACTIVITIES		
Loss before tax	(149,861,496)	(46,018,530)
Adjustments for:		
Finance costs	11,798,729	9,337,153
Amortisation of intangible assets	260,467	680,610
Depreciation of property, plant and equipment	5,101,648	4,547,758
Impairment of property, plant and equipment	-	3,000,725
Reversal of impairment for property, plant and equipment	(698,500)	-
Impairment of goodwill	2,154,870	4,757,046
Impairment of trade and other receivables	10,519,786	1,266,789
Reversal of impairment of trade and other receivables	(714,547)	-
Reversal of impairment of contract assets	(263,132)	(388,504)
Reversal of loss on derivatives	(335,060)	-
Contract assets written off	5,697,887	793,990
Unrealised loss/(gain) on foreign exchange	778,989	(2,471)
Imputed interest income from trade receivables	(24,169,597)	(21,505,220)
Interest income from bank deposits	(784,857)	(678,818)
Gain on disposal of property, plant and equipment	(131,861)	(11,669)
Operating cash flows before movements in working capital	(140,646,674)	(44,221,141)
Decrease in inventories	3,859,947	-
(Increase)/Decrease in trade and other receivables, deposits and prepaid expenses	(26,663,063)	20,649,400
Decrease in contract assets	38,659,701	14,730,629
Increase/(Decrease) in trade and other payables	36,787,868	(22,291,471)
Decrease/(Increase) in contract liabilities	115,397,707	(1,200,403)
Cash Generated From/(Used In) Operations	27,395,486	(32,332,986)
Income tax refunded/(paid)	5,128,474	(4,480,625)
Net Cash Generated From/(Used In) Operating Activities	32,523,960	(36,813,611)

* The restatement of 1H2019 was due to Prior Years Adjustments as disclosed in note 19.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2020

	1H2020 RM (Unaudited)	1H2019 RM (Restated)*
INVESTING ACTIVITIES		
Interest received	784,857	678,818
Proceeds from disposal of property, plant and equipment	-	75,000
Withdrawal of restricted bank balances	-	10,213,709
Placement of restricted bank balances	(11,987,925)	(945,000)
Purchase of property, plant and equipment	(73,699)	(204,000)
Purchase of investment property	-	(187,792)
Redemption of RPS	7,800,000	-
Withdrawal of pledged and restricted fixed deposits	9,258,107	11,072,202
Placement of pledged and restricted fixed deposits	-	(22,596,370)
Net Cash generated from/(used in) Investing Activities	5,781,340	(1,893,433)
FINANCING ACTIVITIES		
Interest paid	(11,798,729)	(9,337,153)
Repayment of borrowings	(22,861,898)	(2,048,985)
Repayment of obligations under finance leases	(3,508,132)	(5,084,722)
(Decrease)/Increase in bank overdrafts	(1,629,146)	5,800,119
Contribution by non-controlling interest	-	2,940,000
Advances from related parties	-	1,500,000
Repayment to related parties	-	(10,000,000)
Advance from associate	2,938,000	-
Net Cash Used In Financing Activities	(36,859,905)	(16,230,741)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,445,395	(54,937,785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	16,787,060	90,283,759
Effect of foreign exchange rates	(778,989)	2,471
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,453,466	35,348,445

* The restatement was due to Prior Years Adjustments as disclosed in note 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The addresses of the Company's registered office and principal place of business are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia, respectively. The Company has established its place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of a wide range of construction services and provision of service under concession agreement in Malaysia.

The condensed consolidated financial statements of the Group for 1H2020 ("**Condensed Consolidated Financial Statements**") are presented in RM, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). It was approved and authorised for issue by the Board on 15 July 2020.

As of 31 March 2020, the Group recorded net current liabilities of RM87,877,031. The net current liabilities arose mainly from the adjustment to revenue and gross loss during the period due to delay in construction progress of projects, caused by mainly the imposition of Movement Control Order ("**MCO**") in Malaysia to curb the spread of the novel coronavirus disease 2019 ("**COVID-19**") as the primary reason.

The basis for preparation of the financial statements on going concern assumption is dependent on the financial support and continue support from its lenders, clients, creditors and the Group's plan to monetise certain assets to generate sufficient cashflow in the future to pay its operating expenses and repay borrowings.

The Directors are of the opinion that the basis of preparation on a going concern assumption remains appropriate as they believe that the Company will obtain the continued support from the lenders, clients and creditors, which will enable the Company to operate sustainably in the foreseeable future, and accordingly, realise its assets and discharge its liabilities in the normal course of business.

The unaudited interim financial report contains the Condensed Consolidated Financial Statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The accounting policies and methods of computation used in the Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2019 except for new standard explained in note 3, where applicable. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS

For the purpose of preparing and presenting the Condensed Consolidated Financial Statements, the Group has consistently applied all new and revised IFRS, IAS, amendments and interpretations issued by the International Accounting Standards Board, which are effective for annual accounting periods beginning on or after 1 October 2019 throughout the period.

There were several other new and amendment to standards and interpretations which are applicable for the first time in 2020, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applied IFRS 16 for the first time. Under IFRS 16, leases are accounted for based on a right-of-use model. The model reflects that, at the commencement date, a lease has a financial obligation to make lease payment to the lessor for its right to use the underlying asset during the lease term.

The right-of-use asset is subject to depreciation and impairment review.

The Group adopted the modified retrospective method of adoption with the date of initial application on 1 October 2019.

The effects on the adoption of IFRS 16 on 1 October 2019 to the Group are as follows:

	30 September 2019 RM	Effect of adopting IFRS 16 RM	1 October 2019 RM
ASSETS			
Non Current Asset			
Right-of-use assets	–	20,153,573	20,153,573
EQUITY AND LIABILITIES			
Capital and Reserves			
Reserves	256,695,982	(75,398)	256,620,584
Non-current Liabilities			
Lease liabilities	–	18,566,870	18,566,870
Current Liabilities			
Lease liabilities	–	1,511,305	1,511,305

The Group also elected to use the recognition exemptions for some contracts that at the commencement date, have a lease term of 12 months or less and do not contain purchase option (short term lease) and lease contracts for which the underlying assets are of low value. The Group has leases of certain office equipment that are considered of low value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION

The Group is principally engaged in the provision of a wide range of construction services and provision of service under concession agreements in Malaysia.

(a) Revenue

	1H2020 RM (Unaudited)	1H2019 RM (Unaudited)
Construction contract revenue	94,782,096	124,314,116
Supply, installation and maintenance of elevators	638,803	57,900
Building maintenance service income	5,761,190	5,636,833
	101,182,089	130,008,849

(b) Income from concession agreements

	1H2020 RM (Unaudited)	1H2019 RM (Unaudited)
Income from concession agreements – imputed interest income:		
(i) Universiti Teknologi MARA (“ UiTM ”)	20,840,487	21,197,298
(ii) Renewable Energy Power Purchase Agreement (“ REPPA ”)	3,329,110	307,922
	24,169,597	21,505,220

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Other entity-wide segment information

For the six months ended 31 March 2020 (Unaudited)

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Unallocated RM	Consolidated RM
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	65,644	-	-	-	8,055	-	-	73,699
Amortisation of intangible assets	-	-	22,706	92	237,669	-	-	260,467
Depreciation of property, plant and equipment	3,167,455	810,222	199,775	65,848	755,108	103,240	-	5,101,648
(Gain)/loss on disposal of property, plant and equipment	(146,164)	-	-	14,303	-	-	-	(131,861)
Reversal of impairment of property, plant and equipment	-	-	-	(698,500)	-	-	-	(698,500)
Allowance for impairment of trade and other receivables	-	10,519,786	-	-	-	-	-	10,519,786
Reversal of impairment of trade and other receivables	(431,851)	(110,466)	(12,914)	(145,527)	-	(13,789)	-	(714,547)
Contract asset written off	-	-	-	5,697,887	-	-	-	5,697,887
Reversal of impairment of contract asset	(5,412)	(1,384)	(162)	(256,001)	-	(173)	-	(263,132)

*For the six months ended 31 March 2019 (Restated)**

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
SEGMENT REVENUE									
External revenue	102,045,344	3,636,868	12,449,753	6,182,151	27,142,053	57,900	151,514,069	-	151,514,069
Inter-segment revenue	-	-	30,570,753	-	-	1,750,223	32,320,976	(32,320,976)	-
Total	102,045,344	3,636,868	43,020,506	6,182,151	27,142,053	1,808,123	183,835,045	(32,320,976)	151,514,069
RESULTS									
Segment results	(39,177,421)	(1,422,804)	(6,029,281)	(4,847,040)	14,520,865	(333,158)	(37,288,839)	-	(37,288,839)
Unallocated corporate income less expenses									(3,975,116)
Other losses									(4,754,575)
Loss before tax									(46,018,530)

* The restatement was due to Prior Year Adjustments as disclosed in note 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENT INFORMATION (CONTINUED)

(c) Segment Information (Continued)

Other entity-wide segment information (Continued)

*For the six months ended 31 March 2019 (Restated)**

	Building and structure RM	Energy infrastructure RM	Mechanical and electrical RM	Earthwork and infrastructure RM	Concession and maintenance RM	Others RM	Unallocated RM	Consolidated RM
Amounts included in the measure of segment results of segment assets:								
Additions of property, plant and equipment	180,094	6,541	6,209	8,786	2,370	-	-	204,000
Amortisation of intangible assets	122,952	-	359,600	-	198,058	-	-	680,610
Depreciation of property, plant and equipment	3,608,002	131,032	195,877	513,431	97,322	2,094	-	4,547,758
Gain on disposal of property, plant and equipment	(11,669)	-	-	-	-	-	-	(11,669)
Impairment of property, plant and equipment	-	-	-	3,000,725	-	-	-	3,000,725
Contract asset written off	-	-	-	793,990	-	-	-	793,990
Allowance for impairment of trade and other receivables	208,909	7,587	1,099,446	(49,153)	-	-	-	1,266,789
Reversal of impairment of contract asset	(15,599)	(566)	(331)	(372,008)	-	-	-	(388,504)

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

	1H2020 RM (Unaudited)	1H2019 RM (Unaudited)
Total segment revenue	131,401,433	183,835,045
Less: Inter-segment revenue	(6,049,747)	(32,320,976)
Less: Income from concession agreements	(24,169,597)	(21,505,220)
Revenue as presented in the condensed consolidated statement of profit or loss and other comprehensive income	101,182,089	130,008,849

* The restatement was due to Prior Years Adjustments as disclosed in note 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. LOSS BEFORE TAX

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

	1H2020 RM (Unaudited)	1H2019 RM (Restated)*
Staff costs	12,985,159	16,440,476
Contract assets written off	5,697,887	793,990
Depreciation of property, plant and equipment	5,101,648	4,547,758
Impairment of property, plant and equipment	–	3,000,725
Reversal of impairment of property, plant and equipment	(698,500)	–
Impairment of goodwill	2,154,870	4,757,046
Realised foreign exchange loss/(gain)	4,314	(22,842)
Directors' emoluments	1,201,658	1,281,449
Amortisation of intangible assets	260,467	680,610
Allowance for impairment of trade and other receivables	10,519,786	1,266,789
Reversal of impairment of trade and other receivables	(714,547)	–
Reversal of impairment of contract asset	(263,132)	(388,504)
Reversal of loss on derivatives	(335,060)	–
Auditors' remuneration	224,000	270,000
Imputed interest income from trade receivables	(24,169,597)	(21,505,220)
Interest income from bank deposits	(784,857)	(678,818)
Gain on disposal of property, plant and equipment	(131,861)	(11,669)
Unrealised foreign exchange loss/(gain)	778,989	(2,471)

6. INCOME TAX EXPENSE

	1H2020 RM (Unaudited)	1H2019 RM (Unaudited)
Malaysia Corporate Income Tax:		
Current period	2,307,846	2,258,829
Underprovision in prior period	2,000,000	101,121
	4,307,846	2,359,950
Deferred tax:		
Current period	5,533,400	976,302
Overprovision in prior period	–	(7,000)
	5,533,400	969,302
	9,841,246	3,329,252

* The restatement was due to Prior Year Adjustments as disclosed in note 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOSS PER SHARE

	1H2020 (Unaudited)	1H2019 (Restated)*
Basic and diluted (RM sen)	(8.58)	(2.60)

Basic

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

	1H2020 RM (Unaudited)	1H2019 RM (Restated)*
Loss for the year attributable to the owners of the Company for the purpose of loss per share	(154,521,172)	(46,717,081)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating loss per share:		
At beginning and end of the period	1,800,000,000	1,800,000,000

There are no diluted loss per share as there was no potential dilutive shares during both periods.

8. PROPERTY, PLANT AND EQUIPMENT

During 1H2020, the Group acquired items of property, plant and equipment for RM0.1 million (1H2019: RM0.2 million).

* The restatement was due to Prior Year Adjustments as disclosed in note 19.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
Trade receivables:		
Third parties	410,715,163	345,369,159
Related parties	6,639,482	7,871,081
Less: provision for impairment of trade receivables	(11,637,329)	(1,832,090)
	405,717,316	351,408,150
Retention receivables:		
Third parties	26,870,285	4,614,001
Related parties	3,262,389	8,412,457
	30,132,674	13,026,458
Other receivables:		
Third parties	14,418,323	11,677,330
Related parties	340,000	2,804,559
	14,758,323	14,481,889
Stakeholders fund	–	26,800,000
Refundable deposits	5,056,749	5,060,744
Prepaid expenses	2,087,626	5,610,005
Goods and services tax receivable	5,196	84,879
	457,757,884	416,472,125
Analysed for reporting purposes as:		
Current assets	119,861,685	139,113,819
Non-current assets	337,896,199	277,358,306
	457,757,884	416,472,125

Note: Included in trade receivables are receivables from concession agreements amounting to RM337,896,199 (30 September 2019: RM274,793,284) at 31 March 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
0-30 days	28,769,556	43,578,728
31-90 days	4,905,663	7,439,718
Over 90 days	28,460,264	25,596,420
	62,135,483	76,614,866

Movements on the allowance for trade and other receivables are as follows:

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
At beginning of the period	1,832,090	–
Adjustment on adoption of IFRS 9	–	1,538,280
Additions	10,519,786	293,810
Reversal	(714,547)	–
At end of the period	11,637,329	1,832,090

10. INVENTORIES

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
At cost:		
Unsold completed units	11,579,847	15,439,794

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. CONTRACT ASSETS/(LIABILITIES)

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
Contract assets	258,765,449	301,631,477
Contract liabilities	(125,883,892)	(7,120,062)

12. SHARE CAPITAL

The share capital as at 30 September 2019 and 31 March 2020 represents the share capital of the Company following the completion on 6 December 2016 of the reorganisation of the Group in preparation for the Listing with details as follows:

	Number of shares	Amount HK\$	Amount RM
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 30 September 2019 and 31 March 2020	5,000,000,000	50,000,000	
Issued and fully paid:			
As at 30 September 2019 and 31 March 2020	1,800,000,000	18,000,000	9,862,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
Trade payables:		
Third parties	126,737,189	146,508,306
Related parties	13,755,386	5,149,363
	140,492,575	151,657,669
Retention sum payables:		
Third parties	37,656,907	36,006,971
Related parties	13,467,478	13,326,305
	51,124,385	49,333,276
Other payables:		
Third parties	38,567,580	5,679,794
Accrued expenses	59,844,094	48,478,154
Goods and services tax payable	2,656,267	2,684,085
	292,684,901	257,832,978

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

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
0–30 days	11,177,961	37,275,840
31–90 days	18,745,167	16,320,336
Over 90 days	110,569,447	98,061,493
	140,492,575	151,657,669

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTIES TRANSACTIONS

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

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
Construction revenue from related parties	12,302,857	16,011,112
Construction cost paid to related parties	4,010,874	1,670,160
Other expenses paid to related parties	126,080	148,845

15. DIVIDENDS

The Board does not recommend the payment of interim dividend for 1H2020 (1H2019: Nil).

16. GOODWILL

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
At beginning of the period	2,154,870	6,911,916
Impairment during the period	(2,154,870)	(4,757,046)
At end of the period	-	2,154,870

Goodwill arising from business combination has been allocated to the following cash-generating unit ("CGU").

	31 March 2020 RM (Unaudited)	30 September 2019 RM (Audited)
BGMC Corporation Sdn. Bhd. (" BGMC Corporation ")	-	2,154,870

As at 31 March 2020, the Directors performed a review of the recoverable amount of goodwill and concluded that the recoverable amount pertaining to the CGU of BGMC Corporation was less than its carrying amount plus goodwill allocated. Accordingly, the related goodwill had been impaired and recognised in the profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. GOODWILL (CONTINUED)

The recoverable amount of the CGU has been determined on the basis of value in use calculations. These calculations use cash flow projections based on financial budgets approved by the Directors covering a 2-year period (30 September 2019: 2-year period). The cash flows from the third to fifth year period in 1H2020 are prepared based on the best estimate of the Directors taking into account existing secured contracts and estimation of contracts to be secured during that period (30 September 2019: extrapolated using a constant growth rate).

The key assumptions for the value in use calculations as at the end of the reporting period are as follows:

	31 March 2020		30 September 2019	
	Growth rate for cash flows between third and fifth years	Discount rates applied	Growth rate for cash flows between third and fifth years	Discount rates applied
CGU				
BGMC Corporation	1.90%	12.88%	1.90%	12.88%

(a) Growth rate

The growth rate is forecasted after considering factors like general market conditions, industry-specific and other relevant information and does not exceed the average long-term growth rate for the relevant industry.

(b) Discount rates

The discount rates applied to the cash flow projections are pre-tax and reflect the weighted average cost of capital of the CGU.

17. CONTINGENT LIABILITIES

- (a) 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 and BGMC Corporation, an indirect wholly-owned subsidiary of the Company, as the second defendant.

BGMC Corporation had filed an interlocutory application to strike out the plaintiffs' case as well as a counterclaim against the plaintiffs (claiming for alleged additional liquidated ascertained damages ("**LAD**") absorbed in good faith and spirit of the full and final settlement agreement). The striking out application was first heard on 9 January 2020 and went on for a continued hearing on 5 February 2020. Thereafter, the learned high court judge has set another date for further submission and hearing on 16 July 2020.

Based on the legal advice, the Directors are of the opinion that it is probable that BGMC Corporation has a meritable and arguable case to defeat the plaintiffs' claim for additional LAD. As a result, no provision has been made as at 31 March 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES (CONTINUED)

- (b) In the ordinary course of business, Built-Master Engineering Sdn. Bhd. ("**BME**"), an indirect subsidiary of the Company, had awarded a sub-contract for electrical work to a third party. The said sub-contract was subsequently terminated by BME due to a breach of certain terms and conditions of the sub-contract on the part of the third party. The third party initiated a legal action against BME claiming, amongst others, the balance payment of RM733,292 and interest at 5% per annum from the due date which was the date of the full and final settlement on the basis that the termination was wrongful. BME has entered their defence denying the claim and thereafter filed a counterclaim against the said third party. The matter is still at the trial stage as at the date of this interim report.

The Directors, based on appropriate legal advice, are of the opinion that it is probable that BME has a chance to dismiss the claim and be successful in the counterclaim with the quantum to be fixed by the court. Accordingly, no provision has been made as at 31 March 2020.

18. EVENT AFTER THE REPORTING PERIOD

The COVID-19 has significantly disrupted many business operations around the world. For the Group, the impact on business operation has not been a direct consequence of the outbreak of the COVID-19 ("**Outbreak**"), but a result of the measures taken by the Government of Malaysia to contain it. As the Outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact on business and the economy. The occurrence of the Outbreak is not an adjusting post balance sheet event.

Up to the date of this interim report, the Group has seen a significant impact of the Outbreak on the Group's revenue, earnings, cash flows and financial condition. At this juncture, it is not possible to estimate the full impact of the Outbreak's short-term and long-term effects or the Government varying efforts to combat the Outbreak and support business. The Group will continue to monitor the development of these events and respond proactively to mitigate the impact of the COVID-19 to the Group's financial position and financial performance.

Sentral Suites projects have been served termination notice on 22 May 2020. The Group has filed notice of arbitration on the client.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. PRIOR YEARS ADJUSTMENTS

The effect of the Prior Years Adjustments are as follows:

	As previously reported RM	Prior years' adjustments RM	As restated RM
Consolidated statement of profit or loss and other comprehensive income for the period ended 31 March 2019:			
Revenue	130,008,849	–	130,008,849
Cost of sales	(161,588,783)	8,154,913	(153,433,870)
Loss before tax	(54,173,443)	8,154,913	(46,018,530)
Income tax expenses	(3,329,252)	–	(3,329,252)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company	(50,876,086)	4,159,005	(46,717,081)
Non-controlling interests	(6,626,609)	3,995,908	(2,630,701)
	(57,502,695)	8,154,913	(49,347,782)
Basic loss per shares (RM sen)	(2.83)	0.23	(2.60)
Diluted loss per share (RM sen)	(2.83)	0.23	(2.60)
Consolidated statement of financial position as of 31 March 2019:			
Capital and Reserves			
Reserves	267,200,684	(4,159,005)	263,041,679
Non-controlling interests	3,028,084	(3,995,908)	(967,824)
Consolidated statement of cash flows for the period ended 31 March 2019:			
Cash flow from Operating Activities:			
Loss before tax	(54,173,443)	8,154,913	(46,018,530)
Adjustment for contract assets written off	8,948,903	(8,154,913)	793,990

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. PRIOR YEARS ADJUSTMENTS (CONTINUED)

This unaudited consolidated results of the Group for 1H2020 contains comparative restated figures for 1H2019 which is prepared by the Board of Directors in line with the accounting policy adopted for the 2019 Annual Report. The 2019 Interim Report was published on 26 June 2019 which followed the accounting policy substantially the same as the 2018 Annual Report. However, subsequent to the publication of 2019 Interim Report, in preparing the consolidated financial statements of the Group for FY2019, the Directors had noted that the accounting treatments in respect of certain construction contracts adopted by the Group in its previously issued consolidated financial statements (including those for 1H2019) were incorrect, and accordingly, the amounts presented in the consolidated financial statements in respect of 1H2019 have been restated in this Interim Results announcement to correct those errors identified. The effects of the restatements to the amounts presented in the 2019 Interim Report are similar to those summarized in note 42 to the 2019 Annual Report, as follows:

(a) Accounting for unapproved variation orders relating to construction contracts

In prior financial years, construction costs relating to variation orders pending approval by the Group's customers had not been recognised in profit or loss for the purposes of determining the percentage of completion ("POC") for certain projects. These construction costs had been deferred and included within amount owing by customers for contract works on the assumptions that the variation orders would ultimately be recovered from the Group's customers.

Upon reassessment, the directors concluded that it was not probable that those variation orders would have been ultimately approved by the Group's customers and therefore the said construction costs should have been expensed off to profit or loss in the prior years. After taking into account the estimated costs for defect liability period, this has resulted in an overstatement of contract revenue and understatement of contract costs recognised in profit or loss in the prior year of RM367,644 and RM3,810,793 respectively and a corresponding overstatement in the amount due from customers for contract works of RM5,483,164 and RM4,628,437 as of 1 October 2017 and 30 September 2018 respectively. These misstatements represent prior period errors that have been corrected by way of Prior Years Adjustments.

(b) Omission of re-measurement reduction variation order from a customer

During the current financial year, the Group discovered an omitted re-measurement reduction variation order which was issued by a customer and received by the Group during financial year ended 30 September 2018. This variation order was inadvertently excluded from the POC schedule in determining revenue arising from the said project in prior financial year.

To rectify this omission, the Group has revised the POC schedule for this project to reflect the impact of the omitted re-measurement reduction variation order on revenue recognised from the said project. This resulted in an overstatement of contract revenue and understatement of contract costs recognised in profit or loss in prior year of RM4,511,363 and RM726,404 respectively and the corresponding overstatement of amount due from customers for contract works of RM5,237,767 as of 30 September 2018. These misstatements represent prior period errors that have been corrected by way of Prior Years Adjustments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. PRIOR YEARS ADJUSTMENTS (CONTINUED)

(c) Projects with certificate of practical completion issued but not closed out

During the current financial year, the Group has identified two construction contracts where certificates of practical completion were issued during the financial year ended 30 September 2017. However, the remaining contract revenue and contract costs for the two construction contracts were only closed-out and recognised in profit or loss in the financial year ended 30 September 2018.

Consequently, after taking into consideration the estimated costs for defect liability period, the contract revenue and contract costs recognised during the year ended 30 September 2018 had been overstated by RM907,111 and understated by RM304,387 respectively while there was a corresponding overstatement of amount due from customers on contract works of RM907,111 as of 30 September 2018. This represents a prior period error that has been corrected by way of Prior Years Adjustments.

The above prior years errors, after taking into consideration the corresponding tax effect for the year ended 30 September 2017 and 30 September 2018, gave rise to an overstatement of retained earnings of the Group by RM2,972,493 and RM8,563,454 as of 1 October 2017 and 30 September 2018, respectively and an overstatement of non-controlling interests by RM1,545,981 and RM6,164,352 as of 1 October 2017 and 30 September 2018 respectively. The Prior Years Adjustments for the year ended 30 September 2017 were related to the period from 1 April 2017 to 30 September 2017.



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

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