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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 OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS

- Revenue increased from RM95.4 million (restated) in 1H2020 to RM108.2 million in 1H2021.
- Gross loss decreased from RM133.0 million (restated) in 1H2020 to a gross loss of RM14.7 million in 1H2021.
- Loss attributable to the owners of the Company was RM30.9 million in 1H2021 as compared with a loss of RM154.5 million (restated) in 1H2020.
- Basic loss per share was RM1.72 sen in 1H2021 and basic loss per share was RM8.58 sen (restated) in 1H2020.

The board of directors of BGMC International Limited (“**Company**”, “**Directors**” and “**Board**”, respectively) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, “**Group**” or “**BGMC**” or “**we**” or “**us**”) for the six months ended 31 March 2021 (“**1H2021**” and “**Interim Results**”, respectively), together with the restated comparative figures for the six months ended 31 March 2020 (“**1H2020**”), and certain comparative figures as at 30 September 2020. The restatement of 1H2020 interim results as detailed in note 17 is due to the reclassification of KAS Engineering Sdn. Bhd., being one of the subsidiaries as discontinued operation. The unaudited condensed consolidated financial results of the Group for 1H2021 have been reviewed by the Company’s audit committee (“**Audit Committee**”) and approved by the Board on 27 May 2021. All amounts set out in this announcement are presented in thousand of Malaysian Ringgit (“**RM’000**”) unless otherwise indicated.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2021

	<i>Notes</i>	31 March 2021 RM'000 (Unaudited)	31 March 2020 RM'000 (Restated)
Revenue	4	108,187	95,421
Cost of sales		<u>(122,910)</u>	<u>(228,403)</u>
Gross loss		(14,723)	(132,982)
Income from concession agreements	4	320	3,329
Other income		823	3,544
Administrative and other expenses		(10,014)	(31,848)
Other gain/(losses)		395	(1,790)
Finance costs		<u>(5,209)</u>	<u>(5,083)</u>
Loss before tax		(28,408)	(164,830)
Income tax credit/(expense)	6	<u>56</u>	<u>(5,596)</u>
Loss for the period from continuing operations		<u>(28,352)</u>	<u>(170,426)</u>
Discontinued operation			
Profit for the period from discontinued operation		11,845	10,723
Impairment loss on non-current assets held for sale		<u>(14,651)</u>	<u>–</u>
		<u>(2,806)</u>	<u>10,723</u>
Loss and total comprehensive loss for the period	5	<u>(31,158)</u>	<u>(159,703)</u>
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company			
Loss from continuing operations		(28,146)	(165,244)
(Loss)/profit from discontinued operation		<u>(2,806)</u>	<u>10,723</u>
Loss attributable to owners of the Company		<u>(30,952)</u>	<u>(154,521)</u>
Non-controlling interests			
Loss from continuing operations		(206)	(5,182)
Profit from discontinued operation		<u>–</u>	<u>–</u>
Loss attributable to non-controlling interests		<u>(206)</u>	<u>(5,182)</u>
		<u>(31,158)</u>	<u>(159,703)</u>
Loss per share			
From continuing and discontinued operations			
Basic (<i>RM sen</i>)	7	<u>(1.72)</u>	<u>(8.58)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		31 March 2021	30 September 2020
	<i>Notes</i>	RM'000	RM'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment	8	109	235
Right-of-use assets		17,935	18,894
Investment properties		25,507	25,507
Investment in redeemable convertible preference shares		1,708	1,708
Investment in associates	15	–	–
Intangible assets		3,413	3,556
Trade and other receivables, deposits and prepaid expenses	9	–	7,686
Contract assets		142,749	120,052
Share application monies		2,886	2,886
		194,307	180,524
Current assets			
Investment in redeemable convertible preference shares		3,987	3,986
Inventories	10	2,573	7,720
Trade and other receivables, deposits and prepaid expenses	9	94,516	80,428
Tax recoverable		4,462	4,324
Contract assets		91,028	224,175
Asset held for sales		25,505	–
Fixed deposits		30,929	39,124
Cash and bank balances		3,331	5,617
		256,331	365,374
Non-current assets held for sale		282,324	293,154
		538,655	658,528

		31 March 2021	30 September 2020
	<i>Notes</i>	RM'000	RM'000
		(Unaudited)	(Audited)
Current liabilities			
Contract liabilities		46,134	5,315
Trade and other payables	12	252,816	389,329
Borrowings – secured		98,823	69,286
Share application monies		–	54,270
Lease liabilities		2,968	3,385
		400,741	521,585
Liabilities directly associated with non-current assets held for sale		188,537	199,367
		589,278	720,952
Net current liabilities		(50,623)	(62,424)
Total assets less current liabilities		143,684	118,100
Non-current liabilities			
Deferred tax liabilities		371	429
Lease liabilities		17,488	18,258
		17,859	18,687
NET ASSETS		125,825	99,413
EQUITY			
Equity attributable to owners of the Company			
Share capital	11	9,862	9,862
Reserves		121,428	94,810
		131,290	104,672
Non-controlling interests		(5,465)	(5,259)
TOTAL EQUITY		125,825	99,413

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

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

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

The consolidated financial statements are presented in RM’000 which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited interim results of the Group for 1H2021 have been prepared in accordance with International Accounting Standards (“**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**”) and the Hong Kong Companies Ordinance. It was approved and authorized for issue by the Board on 27 May 2021.

Going concern assumption

As at 31 March 2021, the Group recorded net current liabilities of RM50.6 million, as compared with net current liabilities of RM62.4 million as at 30 September 2020, representing a decrease of RM11.8 million. The net current liabilities decrease mainly due to issuance of redeemable preference shares amounted to RM54.3 million by a subsidiary to finance the concession business on 15 January 2021 as part of the transactions set out in the circular dated 27 April 2020.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

The basis for preparation of the financial statement on going concern assumption is therefore dependent on the completion of the disposal of a subsidiary for approximately RM93.8 million (“**Disposal**”), continuous financial support from its lenders, clients and creditors and the operations of the Group to generate sufficient cash flows in the future to fulfil its obligation as and when they fall due.

The Directors of the Group are of the opinion that the preparation of the consolidated financial statements of the Group on a going concern basis remains appropriate as they believe the Disposal will be completed on or before 16 June 2021. The Group will obtain continuous financial support from the lenders and creditors which will enable the Group to operate profitably in the foreseeable future, and accordingly, realise its assets and discharge its liabilities in the normal course of business.

On 29 March 2021, BGMC Holdings Berhad, a subsidiary of the Company, has obtained an order from the High Court of Malaya to, among others, restrain creditors from taking legal actions against BGMC Corporation Sdn. Bhd. (“**BGMC Corporation**”). The Board is of the view that the proposed scheme for debt restructuring as set out in the announcement dated 25 May 2021, if implemented, will be in the interest of the Company and the shareholders as a whole because (1) the creditors’ compromised sum represents a significant discount to the alleged original debt owed by BGMC Corporation to the scheme creditors, and (2) the proposed scheme will enable BGMC Corporation to continue as a going concern and allow BGMC Corporation to recover in its business operations.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 October 2020. IFRSs comprise International Financial Reporting Standards (“IFRS”); IAS; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

4. REVENUE, INCOME FROM CONCESSION AGREEMENTS AND SEGMENTAL INFORMATION

(a) Revenue

	31 March 2021 RM’000 (Unaudited)	31 March 2020 RM’000 (Restated)
Building construction revenue	107,373	94,782
Building maintenance service income	5,881	5,761
Supply and installation of elevators	814	639
	<u>114,068</u>	<u>101,182</u>
Representing:		
Continuing operations	108,187	95,421
Discontinued operation	5,881	5,761
	<u>114,068</u>	<u>101,182</u>

(b) Income from concession agreements

	31 March 2021 RM’000 (Unaudited)	31 March 2020 RM’000 (Restated)
Income from concession agreements		
– imputed interest income:		
(i) Universiti Teknologi Mara (“UiTM”)	20,447	20,840
(ii) Renewable Energy Power Purchase Agreement (“REPPA”)	320	3,329
	<u>20,767</u>	<u>24,169</u>
Representing:		
Continuing operations	320	3,329
Discontinued operation	20,447	20,840
	<u>20,767</u>	<u>24,169</u>

(c) Segment Information

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

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

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

Segment Revenue

For the six months ended 31 March 2021

	Building and structures <i>RM'000</i>	Energy infra- structure <i>RM'000</i>	Mechanical and electrical <i>RM'000</i>	Earthworks and infra- structure <i>RM'000</i>	Concession and maintenance <i>RM'000</i>	(Discontinued operation) Concession and maintenance <i>RM'000</i>	Others <i>RM'000</i>	Sub-total <i>RM'000</i>	Elimination <i>RM'000</i>	Consolidated <i>RM'000</i>
SEGMENT REVENUE										
External revenue	67,724	3,403	8,628	-	22,511	26,328	6,241	134,835	-	134,835
Inter-segment revenue	-	-	888	-	-	-	290	1,178	(1,178)	-
Total	67,724	3,403	9,516	-	22,511	26,328	6,531	136,013	(1,178)	134,835
RESULT										
Segment result	(19,584)	(923)	(2,323)	(69)	(2,265)	771	(1,315)	(25,708)	-	(25,708)
Unallocated corporate expenses										(2,006)
Other gains, net										395
Loss before tax										(27,319)

Other entity-wide segment information

For the six months ended 31 March 2021

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Concession and maintenance RM'000	(Discontinued operation) Concession and maintenance RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results or segment assets:										
Additions of property, plant and equipment	-	-	-	-	-	6	-	-	-	6
Depreciation of property, plant and equipment	52	3	17	8	-	10	5	95	-	95
Depreciation for Right-of-use asset	234	11	47	-	654	91	14	1,051	-	1,051
Amortisation of intangible assets	124	6	5	-	-	238	8	381	-	381
Reversal of impairment of:										
Trade receivables	(238)	(176)	(2)	-	-	-	(15)	(431)	-	(431)
Right-of-use asset	(222)	-	-	-	-	-	-	(222)	-	(222)
Contract assets	(1)	-	-	-	-	-	-	(1)	-	(1)
Gain on disposal of property, plant and equipment	(105)	-	-	(4)	-	-	-	(109)	-	(109)

Segment Revenue

For the six months ended 31 March 2020 (restated)

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Concession and maintenance RM'000	(Discontinued operation) Concession and maintenance RM'000	Others RM'000	Sub-total RM'000	Elimination RM'000	Consolidated RM'000
SEGMENT REVENUE										
External revenue	(5,342)	30,569	5,144	973	63,096	26,602	4,310	125,352	-	125,352
Inter-segment revenue	-	-	5,300	-	-	-	750	6,050	(6,050)	-
Total	(5,342)	30,569	10,444	973	63,096	26,602	5,060	131,402	(6,050)	125,352
RESULT										
Segment result	(121,647)	(31,117)	(4,375)	(12,356)	6,068	14,658	(4,100)	(152,869)	-	(152,869)
Unallocated corporate income less expenses										4,798
Other losses, net										(1,790)
Loss before tax										(149,861)

Other entity-wide segment information

For the six months ended 31 March 2020 (restated)

	Building and structures RM'000	Energy infra- structure RM'000	Mechanical and electrical RM'000	Earthworks and infra- structure RM'000	Concession and maintenance RM'000	(Discontinued operation) Concession and maintenance RM'000	Others RM'000	Sub-total RM'000	Unallocated RM'000	Consolidated RM'000
Amounts included in the measure of segment results or segment assets:										
Additions of property, plant and equipment	66	-	-	-	8	-	-	74	-	74
Amortisation of intangible assets	-	-	22	-	-	238	-	260	-	260
Depreciation of property, plant and equipment	3,168	810	200	66	637	118	103	5,102	-	5,102
(Gain)/loss on disposal of property, plant and equipment	(146)	-	-	14	-	-	-	(132)	-	(132)
Impairment/(Reversal of impairment) of:										
Property, plant and equipment	-	-	-	(699)	-	-	-	(699)	-	(699)
Trade receivables	(432)	(110)	(13)	(146)	-	-	(14)	(715)	-	(715)
Contract assets	(5)	(1)	-	(256)	-	-	(1)	(263)	-	(263)
Contract assets written off	-	-	-	5,698	-	-	-	5,698	-	5,698
Allowance of impairment of trade and other receivables	-	10,520	-	-	-	-	-	10,520	-	10,520

External segment revenue includes revenue and income from concession agreements as presented in the consolidated statement of profit or loss and other comprehensive income.

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

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

	31 March 2021 RM'000 (Unaudited)	31 March 2020 RM'000 (Restated)
Total segment revenue	136,013	131,402
Less: Inter-segment revenue	(1,178)	(6,050)
Less: Income from concession agreements	(320)	(3,329)
Less: Income from discontinued operation	(26,328)	(26,602)
	<hr/>	<hr/>
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	108,187	95,421
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5. LOSS FOR THE PERIOD

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

	31 March 2021 RM'000 (Unaudited)	31 March 2020 RM'000 (Unaudited)
Contract assets written off	–	5,698
Amortisation of intangible assets	381	260
Auditor's Remuneration:		
Audit services	224	224
Depreciation charge of:		
Property, plant and equipment	95	5,102
Right-of-use assets	1,051	–
Reversal of impairment of property, plant and equipment	–	(699)
Reversal of impairment of right-of-use	(222)	–
Reversal of impairment of trade and other receivables	(431)	(715)
Reversal of impairment of contract asset	(1)	(263)
Reversal of loss on derivatives	–	(335)
Impairment of goodwill	–	2,155
Realized foreign exchange loss	10	4
Allowance from impairment of trade and other receivable	–	10,520
Gain on disposal of property, plant and equipment	(109)	(132)
Impairment loss on non-current assets held for sale	14,651	–
Interest income from bank deposit	(309)	(785)
Unrealized foreign exchange loss/(gain)	(395)	779
Staff cost including directors' emoluments		
– Wages and salaries	7,207	12,865
– Employees Provident Fund	815	1,322
	<hr/>	<hr/>

6. INCOME TAX (CREDIT)/EXPENSE

	31 March 2021 RM'000 (Unaudited)	31 March 2020 RM'000 (Unaudited)
Malaysia corporate income tax:		
Current period	2	2,308
Under-provision/(Over-provision) in prior years	–	2,000
	2	4,308
Deferred tax:		
Current period	(58)	5,533
	(58)	5,533
	(56)	9,841
Representing:		
Continuing operations	(56)	5,596
Discontinued operation	3,895	4,245
	3,839	9,841

7. LOSS PER SHARE

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
From continuing and discontinued operations		
Basic (RM sen)	(1.72)	(8.58)
Diluted (RM sen)	(1.72)	(8.58)
From continuing operations		
Basic (RM sen)	(1.56)	(9.18)
Diluted (RM sen)	(1.56)	(9.18)

Basic

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

	31 March 2021 RM'000 (Unaudited)	31 March 2020 RM'000 (Restated)
Profit/(loss) for the period attributable to the owners of the Company for the purpose of basic loss per share:		
Loss from continuing operations	(28,146)	(165,244)
Profit from discontinued operation	(2,806)	10,723
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic loss per share:		
At beginning and end of the period	1,800,000,000	1,800,000,000

There is no diluted loss per share in 1H2021 as there is no potential dilutive shares during the current reporting period.

8. PROPERTY, PLANT AND EQUIPMENT

During 1H2021, the Group has not acquired items of property, plant and equipment (1H2020: RM0.1 million).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
Trade receivables:		
Third parties	64,472	74,118
Related parties	99	3,156
Less: Provision for loss allowance	(14,841)	(15,272)
	49,730	62,002
Retention receivables:		
Third parties	25,612	1,521
Related parties	3,493	8,499
	29,105	10,020
Other receivables:		
Third parties	10,398	9,264
Related parties	5	1,515
Less: Provision for loss allowance	(1,500)	(1,500)
	8,903	9,279
Refundable deposits	4,611	4,799
Prepaid expenses	2,167	2,002
Goods and services tax receivable	–	12
	94,516	88,114
Analysed for reporting purposes as:		
Current assets	94,516	80,428
Non-current assets	–	7,686
	94,516	88,114

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

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
0 to 30 days	32,262	18,585
31 to 90 days	3,466	7,038
Over 90 days	14,002	36,379
	49,730	62,002

Reconciliation of loss allowance for trade receivables:

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
At 30 September	15,272	1,832
Increase in loss allowance for the period	(431)	13,440
At 31 March	14,841	15,272

10. INVENTORIES

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
Unsold completed units:		
At cost	2,573	7,720

11. SHARE CAPITAL

The share capital as at 31 March 2021 and 30 September 2020 represents the share capital of the Company with details as follows:

	Number of shares	Amounts <i>Hong Kong Dollar HK\$'000</i>	Amounts <i>RM'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 1 October 2019, 30 September 2020 and 31 March 2021	5,000,000,000	50,000	
Issued and fully paid:			
As at 1 October 2019, 30 September 2020 and 31 March 2021	1,800,000,000	18,000	9,862

12. TRADE AND OTHER PAYABLES

	31 March 2021 <i>RM'000</i> (Unaudited)	30 September 2020 <i>RM'000</i> (Audited)
Trade payables:		
Third parties	110,664	160,070
Related parties	854	45,273
	111,518	205,343
Retention sum payable:		
Third parties	47,264	35,597
Related parties	874	12,944
	48,138	48,541
Other payables:		
Third parties	14,379	31,645
Amount owing to an associated company	544	5,144
Accrued expenses	75,496	95,991
Goods and services tax payable	2,741	2,665
	252,816	389,329

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

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
0–30 days	9,439	34,096
31–90 days	12,714	45,672
Over 90 days	89,365	125,575
	111,518	205,343

13. RELATED PARTY TRANSACTIONS

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

	31 March 2021 RM'000 (Unaudited)	30 September 2020 RM'000 (Audited)
Construction revenue from related parties	–	6,649
Construction cost paid to related parties	1,925	6,737

14. CONTINGENT LIABILITIES

- (a) On 28 March 2019, the Company received a writ of summons together with an indorsement of claim dated 19 March 2019 in the High Court of Shah Alam, Malaysia by 47 plaintiffs (“**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. Please refer to the Company’s announcement of 28 March 2019 for further details of the litigation.

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 damaged (“**LAD**”) absorbed in good faith and spirit of the full and final settlement agreement. The High Court has allowed BGMC Corporation’s application and struck out the Plaintiffs’ writ and statement of claim. 13 Plaintiffs have appealed against the High Court’s decision to the Court of Appeal. The Court of Appeal has fixed 24 August 2021 to hear the appeal as at this interim results announcement. Based on legal advice, the Directors are of the opinion that it is probable that BGMC Corporation has a meritable and arguable case to defeat the 13 Plaintiffs’ appeal.

As to the counterclaim initiated by BGMC Corporation against the remaining Plaintiffs who did not appeal against the High Court’s decision (31 Plaintiffs in total) as disclosed above, the hearing of the counterclaim is fixed on 16 June 2021.

- (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 in 2018. The said sub-contract was subsequently terminated by BME due to 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 approximately RM733,000 and interest at 5% per annum from the date of the Writ, i.e. 21 March 2018 until 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. On 22 July 2020, the High Court of Malaysia granted judgment against BME and dismissed BME’s counterclaim. On 6 August 2020, BME has lodged appeal against the said judgment and the appeal is scheduled for hearing on 17 September 2021. BME had decided against a conditional stay order dated 12 October 2020 (which expired on 12 November 2020) wherein the Court proposed that the judgment sum be placed in an interest bearing account pending the disposal of the appeal.

On 22 May 2021, BME and the third party has entered into a settlement agreement to settle the judgment sum. As amicable settlement has been reached, BME will withdraw the appeal filed at the Court of Appeal with no order as to cost and no liberty to file afresh.

- (c) As disclosed in the Company’s announcement dated 30 June 2020, a subsidiary of the Company, in the ordinary course of business, had disputes with Customer A.

On 22 May 2020, Customer A served notices of termination of the construction engagement, alleging that the Group had delayed in completing the works under two contracts arising out of the same project. Customer A called on the Group’s two performance bonds amounting to approximately RM25.8 million.

On 27 May 2020, the Group has filed for an injunction at the High Court and has obtained an ad-interim injunction order dated 29 May 2020 against the encashing of the two performance bonds by Customer A. On 16 April 2021, the High Court granted the Group the injunction order. Customer A, however, is appealing against the High Court’s decision.

The Group has also initiated an arbitration on 30 June 2020 (which was withdrawn and reinitiated as two arbitrations on 26 October 2020) to dispute the validity of the terminations by Customer A and claim against Customer A for (i) losses of profit of approximately RM35.0 million (ii) return of retention sum of approximately RM4.4 million and (iii) return of the sums under the two performance bonds amounting to approximately RM25.8 million.

On 17 August 2020, Customer A issued a counterclaim of approximately RM126.4 million (which then became counterclaims of RM101.1 million in the two arbitrations) in the arbitration proceeding against the Group.

As at the date of this interim results announcement, the arbitrations proceedings are put on stay, due to the restraining order granted to BGMC Corporation by the High Court of Malaya on 29 March 2021 for the proposed debt restructuring exercise.

The Directors are of the opinion that the Group has a good arguable case to persuade the arbitrator to rule the facts in favour of the Group.

- (d) On 20 November 2020, BGMC Corporation, being a wholly-owned subsidiary of the Company and a member of the Group, received a demand letter from a licensed bank in Malaysia (“**Bank**”), in which the Bank alleged that it had received a demand against a bank guarantee from a beneficiary (“**Beneficiary**”) being a customer of BGMC Corporation, in the sum of approximately RM5.5 million, and unless the Beneficiary withdraws its demand or the Bank is restrained from performing its obligations, the Bank would effect payment of the sum demanded to the Beneficiary on 24 November 2020.

Based on the demand letter from the Beneficiary to the Bank, the said demand was related to a performance bond provided by BGMC Corporation to the Beneficiary for a development project, for which the Beneficiary alleged that BGMC Corporation has not duly performed its contractual obligation.

On 23 November 2020, through its solicitors, BGMC Corporation filed an application (“**Application**”) to the Kuala Lumpur High Court against the Beneficiary, which restrains it from receiving the sum demanded by the Beneficiary. On 24 November 2020, the Kuala Lumpur High Court granted an interim injunction in favour of BGMC Corporation, which restrained the Beneficiary, their respective agents, employees and/or officers from effecting the claims of the performance bond or receiving the payment or part payment under the performance bond from the Bank until the disposal of the originating summons filed by BGMC Corporation against the Beneficiary. On 20 May 2021, the Kuala Lumpur High Court granted the injunction order in favour of BGMC Corporation.

- (e) The Company together with BGMC Corporation, received a writ of summons and with the statement of claim both dated 15 March 2021 in the High Court of Kuala Lumpur, Malaysia. The dispute is in relation to an intercompany loan provided to the Company to enable the Group to undertake the solar power plant project, whereby the counterparty is claiming for an outstanding sum of USD1.9 million and interest.

As the case is still at initial stage and as at the date of this interim results announcement, the Court has yet to fixed the date for hearing of the matter.

15. INVESTMENT IN ASSOCIATES

	31 March 2021 RM’000 (Unaudited)	30 September 2020 RM’000 (Audited)
Investment in associates:		
At cost (RM2)	—	—

Details of the investment in associates as of 31 March 2021 are as follows:

Name of associate	Place of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2021	2020	
Sparks Energy International Limited (“ SPARKS ”)	Cayman Islands	45.1%	45.1%	Investment holding
Machang Estate Sdn. Bhd.	Malaysia	—*	—*	Property investment
Machang Estate (II) Sdn. Bhd.	Malaysia	—*	—*	Property investment

- * Significant influence arise from subscription of redeemable convertible preference shares with no restriction to convert into ordinary shares.

16. EVENT AFTER THE REPORTING PERIOD

On 16 November 2020, the Group entered into a share purchase agreement with AB Concession Venture Sdn. Bhd. to dispose of its entire shareholding in a wholly owned subsidiary, KAS Engineering Sdn. Bhd. for approximately RM93.8 million. On 30 December 2020, an extraordinary general meeting of the Company was held and the disposal was approved by the shareholders of the Company. For further details, please refer to the Company's announcement and the circular dated 11 December 2020.

On 17 May 2021, the Company announced that the conditions have been regarded as fulfilled, and the completion of the Disposal is expected to take place on or before 16 June 2021. For further details, please refer to the circular of the Company dated 11 December 2020 and the announcements of the Company dated 16 November 2020, 30 December 2020, 16 February 2021 and 17 May 2021.

As disclosed in the announcement of the Company dated 25 May 2021, an explanatory statement containing particulars of the proposed scheme of arrangement of BGMC Corporation has been despatched to the creditors of BGMC Corporation ("Scheme Creditors") for the purpose of convening the creditors meeting on 16 June 2021, the details of which are set out in the announcement of the Company dated 25 May 2021. As at the date of this interim results announcement, the court convened creditors meeting as stated above has not yet been convened.

17. COMPARATIVE FIGURES

Certain comparative figures for the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income have been reclassified to conform to the current period's presentation. The comparative figures for the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income have been adjusted as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	As amended RM'000	As previously reported RM'000
Continuing operations		
Revenue	95,421	101,182
Cost of sales	(228,403)	(232,073)
Gross loss	(132,982)	(130,891)
Income from concession agreements	3,329	24,170
Other income	3,544	4,235
Administrative and other expenses	(31,848)	(33,785)
Finance costs	(5,083)	(11,798)
Loss before tax	(164,830)	(149,861)
Income tax expense	(5,596)	(9,841)
Loss for the period from continuing operations	(170,426)	(159,703)
Discontinued operation		
Profit for the period from discontinued operation	10,723	—
Loss and total comprehensive loss for the period attributable to:		
Owners of the Company		
Loss from continuing operations	(165,244)	(154,521)
Profit from discontinued operation	10,723	(5,182)

This unaudited condensed consolidated results of the Group for 1H2021 contains comparative restated figures for 1H2020 which is prepared in line with the accounting policy adopted for the 2020 annual report. The 2020 interim report was published on 20 July 2020 and 2020 annual report was published on 28 January 2021 which followed the accounting policy substantially the same as the 2019 annual report. However, subsequent to the publication of 2020 interim report and 2020 annual report, the Company announced on 17 May 2021 that the conditions for the disposal of equity interest in KAS Engineering Sdn. Bhd. have been regarded as fulfilled, and the completion of the disposal is expected to take place on or before 16 June 2021. Accordingly, the amounts presented in the unaudited condensed consolidated financial statements in respect of 1H2020 have been restated in this interim results announcement to reflect the discontinued operation of this subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Core Business	Segment/Model	What BGMC does
Construction Services	Building and Structures segment	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government – led infra-structure and facility projects.
	Energy Infra-structure segment	Has two previously independent businesses: (a) design and construction of medium and high voltage power substations; and (b) installation of medium and high voltage underground cabling systems. Is also responsible for developing and constructing the utility scale solar power plant.
	Mechanical and Electrical segment	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infra-structure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthworks and Infra-structure segment	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infra-structure installation.
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. The Group had however entered into a share purchase agreement to dispose the entire shareholding in the subsidiary that own this concession on 16 November 2020 and the completion of disposal of the subsidiary is expected to take place on or before 16 June 2021.
	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 company for 21 years.

CONSTRUCTION SERVICES SECTOR

The Construction Services sector contributed RM79.8 million, or 73.7%, to the consolidated revenue of the Group in 1H2021, as compared with RM31.3 million or 32.8% in 1H2020 (restated). The significant increase is partly due to the greater progress achieved on construction site and also the reduced impact of liquidated ascertained damages (“**LAD**”) for some of the major ongoing projects as the clients have granted the necessary extension of time (“**EOT**”) resulted from the imposition of the Movement Control Order (“**MCO**”), Conditional Movement Control Order (“**CMCO**”) and Recovery Movement Control Order (“**RMCO**”) by the Government of Malaysia to contain the spread of COVID-19 pandemic.

Notwithstanding the above increment, the sector encountered a lot of challenges during the reporting period and is bracing for more going forward. Complying to the standard operating procedure (“**SOP**”) both in the office and all our construction sites is the new normal nowadays in addition to the unexpected disruption caused to the logistic delivery system and the building material price fluctuations. These have not only impacted the productivity at the site, a higher cost will be the ultimate result of a completed project.

As at 31 March 2021, the Construction Services sector secured 2 contracts worth RM1.8 million. We will be kept busy with an outstanding order book of RM479.0 million in 1H2021 as compared to RM1.3 billion in 1H2020 (restated). Other than converting the outstanding order book into work done and revenue, the reduction in the outstanding order book is due to the termination of Sentral Suites project by Customer A. The Group’s major ongoing projects are as follows:

Project Name and Description
Sky Seputeh: Construction of two 37-storey towers with 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.
Bangsar 61: Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, KL, Malaysia.
Setia Spice: Construction of a 26-storey building with a 19-storey hotel (453 rooms), a 3-storey car park and 4-storey hotel facilities, plus a 2-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.
TNB Worker’s Quarters: Construction of one block of eight-storey executive quarters (24 units), three blocks of nine-storey non-executive quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.

Building and Structures

As the leading segment of the Construction Services sector, the Building and Structures segment contributed RM67.7 million, or 62.6%, to the Group's consolidated revenue in 1H2021, compared to negative contribution of RM5.3 million, or –5.6% in 1H2020 (restated). The significant turnaround was mainly due to: (i) the higher recognition of work done upon adhering to the new SOP and adapting to the new normal of conducting business; (ii) the reduced impact of estimated LAD in most of the major ongoing projects upon obtaining the relevant EOT from the clients.

During 1H2020 (restated), this segment has not secured any new project as the Group has employed the strategies to focus on (i) complying to the SOP imposed by the Government of Malaysia; (ii) increase the productivity and work done for the existing ongoing projects as challenges are ahead with the new normal; (iii) the limitation imposed by our difficult financial position. We have partly achieved the objective to implement the existing projects at a faster pace and therefore reduced the delay by deploying our resources more efficiently. Besides aiming to complete the projects soonest, we have also witnessed the steps taken have increased the contribution towards the revenue recognition in 1H2021.

As at 31 March 2021, the Building and Structures segment had an outstanding order book of RM412.6 million as compared to RM1.1 billion in 1H2020 (restated). Apart from turning the outstanding order book into work done and recognizing it as revenue, the reduction in the outstanding order book is due to the termination of 2 Sentral Suites Project contract by the Customer A.

Energy Infra-structure

During 1H2021, the Energy Infra-structure segment has contributed a revenue of RM3.4 million or equivalent to 3.1% of the Group's consolidated revenue, as compared with RM30.6 million or 32.0% of the consolidated revenue in 1H2020 (restated). The reduction recorded here is due to (i) the changes of the revenue mix of the Group (ii) delay in obtaining the work permit from the authorities to continue work on PMU Sri Hartamas to PMU Matrade 132 kilovolt (“kV”) and PMU Shah Alam 18 to PMU Sirim underground cabling work; and (iii) slower progress at PMU 275/132 Damansara Heights substation project due to delay in obtaining outages from the project owner.

During 1H2021, this segment has not secured any new project as the Group is focusing on the completion of the job in hand. As at 1H2021, Energy Infra-structure segment had an outstanding order book of RM25.9 million as compared to RM33.3 million in 1H2020 (restated).

Mechanical and Electrical

The Mechanical and Electrical segment has recorded a revenue of RM8.6 million or 7.9% contribution to the consolidated revenue for 1H2021, as compared with RM5.1 million or 5.4% contribution to consolidated revenue in 1H2020 (restated). The increase is recorded as most of the ongoing projects have reached a more advanced stage and are progressing better.

During 1H2021, the Mechanical and Electrical segment has secured 2 contracts of total worth RM1.8 million. As at 31 March 2021, the Mechanical and Electrical segment recorded an outstanding order book of RM40.5 million as compared to RM89.2 million in 1H2020 (restated).

Earthworks and Infra-structure

The Earthworks and Infra-structure segment has not recorded any revenue for 1H2021 as compared with RM1.0 million or 1.0% contribution recorded in 1H2020 (restated). The reason was mainly because all the projects have been completed and the Group are proceeding to prepare the final accounts for the projects.

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.

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 1H2021, the BLMT model has brought a total income of RM26.3 million to the Group, as compared with a total income of RM26.6 million in 1H2020 (restated).

As at 31 March 2021, the remaining period of the concession stood at 14 years and 8 months. The outstanding imputed interest income and contract value for the building maintenance services as at 31 March 2021 stood at RM705.3 million and RM161.2 million as compared to RM757.5 million and RM168.8 million in 1H2020 (restated) respectively, receivable over the remaining period of the concession.

The Group had however entered into a share purchase agreement to dispose the entire shareholding in the subsidiary that own this concession on 16 November 2020. The proposed sale of concession rights of UiTM Campus through disposal of KAS Engineering Sdn. Bhd. was approved in extraordinary general meeting (“EGM”) on 30 December 2020. For details, please refer to the circular dated 11 December 2020.

Meanwhile, the proposed sale has also obtained the necessary approval from the Government as at 17 May 2021 and the Group has therefore announced that the share purchase agreement has become unconditional. The completion of the disposal is expected to take place on or before 16 June 2021.

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

This concession contract that the Group has entered into is a contract to build a LSSPV 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 (“**MW_{a.c.}**”) located at Kuala Muda, Kedah, Malaysia.

While the construction of the LSSPV plant is still progressing at the site, the commercial operation date (“**COD**”) has been revised to some time in June 2021. The slower than expected progress is partly due to (i) slow progress by the engineering, procurement, construction and commissioning (“**EPCC**”) contract; (ii) disruption to the supply chain caused by the outbreak of COVID-19 pandemic; and (iii) the suspension of construction works due to the imposition of MCO by the Government of Malaysia.

During 1H2021, the BOO business model has a revenue of RM22.2 million representing 20.5% of the consolidated revenue of the Group as compared to RM63.1 million or 66.1% in 1H2020 (restated).

FUTURE PROSPECT

Picking up from where we left in the financial year ended 30 September 2020, BGMC is still bracing with the challenges happened in the previous years while encountering more uncertainties, disruptions and volatilities in the form of chaotic pandemic situation, tailback logistics and ever-increasing building material prices. Still in a tough situation, we will nevertheless brace ourselves with all the challenges. We will use all of our vigor, knowledge and observance to stay alive in this volatile and turbulences conditions. We believe we have earned BGMC some precious time and needed space to progress.

Since the beginning of 1H2021, strategies devised to keep us going are being implemented. Approvals were obtained for the sale of our asset to shore up our finances. Operating cost meanwhile have gone down tremendously after reviewing the needs of daily operation. Resources be it manpower or equipment are redeployed to gain some very much needed progress at all our construction site. While the debt restructuring process is still ongoing, we believe that we could conduct a successful and meaningful restructuring very soon.

As the vaccination’s rollout is gathering much-needed pace around the world and likewise in Malaysia, we look forward to a more predictable and lesser disturbance operating environment. While this will not only ensure progress and eventually completion of our ongoing projects, it will also mean a healthier recognition of revenue in our book. Once the vaccination program leads to herd immunity, we believe that the economic conditions will be more favorable to businesses. Beside the opportunities coming from the Government’s pump priming initiative, it may also stimulate investments from other sectors that require more buildings and or infrastructures.

While the economy is moving towards a gradual recovery, BGMC is looking forward to hurdle unto a healthier and stronger footing with the execution of strategies going according to plan. From there, we want to refocus, revitalize and rebuilt our construction capability and capacity so as to enable us to compete in the next phase of development. Knowing that most countries in the world need the construction industry engine to achieve economic growth, we foresee abundance of business opportunities going forward. When the opportunities come, we will ensure that we are in the best position to join the same bandwagon.

FINANCIAL REVIEW

Gross loss

The Group's gross loss decreased from RM133.0 million in 1H2020 (restated) to RM14.7 million in 1H2021. The decrease in gross loss was mainly due to a reduction of estimated LAD, resulting in a lower impact on the recognition of construction revenue.

Administrative and Other Expenses

Administrative and other expenses decreased from RM31.8 million in 1H2020 (restated) to RM10.0 million in 1H2021, mainly due to the reduction in staff cost from RM11.9 million incurred in 1H2020 (restated) to RM7.2 million in 1H2021. Beside working on the human resources requirements of the Group, we also took immediate steps upon the outbreak of the COVID-19 pandemic to review the needs of the operation and eliminate unnecessary wastages. All the above reflects an ongoing implementation of the strategies to cut cost and to operate the Group more leanly and efficiently. A much lower impairment of contract asset and trade receivable was recorded in 1H2021 as compared to 1H2020 (restated) is also the main reason for the reduction in administrative and other expenses.

Finance Costs

Finance costs increased slightly from RM5.1 million in 1H2020 (restated) to RM5.2 million in 1H2021. The increase in finance costs was mainly due to the cost payable for the construction of the LSSPV plant.

Income Tax Credit

Income tax expense reversed from RM5.6 million in 1H2020 (restated) to income tax credit of RM0.1 million in 1H2021. This is due to reversal of deferred tax asset and a under provision of tax expenses recorded in 1H2020 (restated).

Liquidity, Financial Resources and Capital Structure

Net gearing ratio of the Group (calculated by dividing the net debts by equity attributable to owners of the Company) is recorded at 0.5 times as at 31 March 2021 as compared to 0.3 times as at 30 September 2020.

Total borrowing is recorded at RM98.8 million as at 31 March 2021 as compared to RM69.3 million as of 30 September 2020. The increase in net gearing ratio and the total borrowing is mainly due to the utilization of borrowing to finance the construction of the LSSPV plant.

Cash and bank balances (including fixed deposits) stood at RM34.3 million as at 31 March 2021 as compared with RM44.7 million as at 30 September 2020, representing a decrease of RM10.4 million.

Net Current Liabilities

Net current liabilities of the Group stood at RM50.6 million as at 31 March 2021, as compared with net current liabilities of RM62.4 million as at 30 September 2020, representing a decrease of RM11.8 million. The decrease in net current liabilities was due to the issuance of redeemable preference shares amounted to RM54.3 million by a subsidiary to finance the construction of the LSSPV plant.

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 borrowings of the Group are all denominated in RM and on a floating-rate basis. It is the policy of the Group not to enter into derivative transactions for speculative purposes.

Capital Expenditure

Capital expenditure mainly consisted of procurement of construction machinery and equipment such as aluminum formwork system, which was funded by hire purchase, the net proceeds from its global offering completed in August 2017 and internally generated funds. During 1H2021, BGMC has not acquired any construction machinery and equipment compared with RM0.1 million for 1H2020.

Foreign Exchange Exposure

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

Significant Investment Hold

Save for the investment held in associates and subsidiaries as disclosed in the Company’s 2020 annual report for the year ended 30 September 2020, the Group did not hold any other significant investment during 1H2021.

Employees and Remuneration Policies

As at 31 March 2021, the Group's workforce stood at 200 employees compared with 373 employees as at 31 March 2020. Total staff costs incurred in 1H2021 were RM7.2 million as compared with RM11.9 million recorded in 1H2020 (restated). The reduction is achieved after the Group has taken immediate actions to review and reorganize the workforce required to run the operation and projects more efficiently.

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

The Group has adopted a share option scheme ("**Share Option Scheme**") which became effective on 9 August 2017 ("**Listing Date**"), being the date of listing of the shares of the Company on the Stock Exchange, to enable the Board to grant share options to eligible participants giving them an opportunity to have a personal stake in the Company. As at 31 March 2021, there was no outstanding share option granted under the Share Option Scheme.

Contingent liabilities

Details of the Group's contingent liabilities up to the date of this interim results announcement are set out in note 14 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 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules ("**Model Code**") were as follows:

Interests in the shares of the Company

Name of Directors	Capacity/ Nature of interests	Interests in shares of the Company (Note 1)	Approximate percentage of shareholding (Note 3)
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 Dato' Sri Goh Ming Choon ("**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, an indirect wholly-owned subsidiary 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 31 March 2021, the 1,208,250,000 shares of the Company interested by them in aggregate consisted of (i) 864,000,000 shares of the Company beneficially owned by Prosper International Business Limited ("**Prosper International**") which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 344,250,000 shares of the Company beneficially 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.

On 7 October 2020, Tan Sri Barry Goh subsequently ceased to be an executive Director.

- (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 of the Company held by Kingdom Base under provisions of SFO.
- (3) These percentages are calculated on the basis of 1,800,000,000 shares of the Company in issue as at 31 March 2021.

Interest in the shares of associated corporations of the Company

Name of Directors	Name of associated corporations	Capacity/ Nature of interest	Interests in ordinary shares	Percentage of shareholding
Tan Sri Barry Goh (<i>Note</i>)	Prosper International	Beneficial owner	100	100%
Dato' Michael Teh	Seeva International	Beneficial owner	1	100%

Note: Tan Sri Barry Goh subsequently ceased to be an executive Director on 7 October 2020.

Save as disclosed above, as at 31 March 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2021, so far as is known to the Directors, the following corporations or persons (other than a Director or the Chief Executive) had interests or short positions in the shares or underlying shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholders	Capacity/ Nature of interest	Number of shares of the Company held	Percentage of shareholding (<i>Note 2</i>)
Prosper International (<i>Note 1</i>)	Beneficial owner and interests held jointly with another person	1,208,250,000 (L)	67.1%
Seeva International (<i>Note 1</i>)	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:

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

As at 31 March 2021, the 1,208,250,000 shares of the Company interested by them in aggregate consisted of (i) 864,000,000 shares of the Company beneficially owned by Prosper International which in turn is beneficially and wholly owned by Tan Sri Barry Goh; and (ii) 344,250,000 shares of the Company beneficially owned by Seeva International which in turn is beneficially and wholly owned by Dato’ Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the Shares held or deemed to be held by Tan Sri Barry Goh and Dato’ Michael Teh in aggregate by virtue of the SFO.

- (2) These percentages are calculated on the basis of 1,800,000,000 shares of the Company in issue as at 31 March 2021.

Save as disclosed above, so far as the Directors or the Chief Executive of the Company are aware of, as at 31 March 2021, no corporation or person (not being a Director or the Chief Executive) had any interests or short position in the shares or underlying shares of the Company, which would be required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

RETIREMENT OF DIRECTOR

Mr. Ching Hong Seng (“**Mr. Ching**”) retired as an executive Director upon the conclusion of the annual general meeting of the Company held on 31 March 2021 due to his commitment on his other business. Details of the retirement of Mr. Ching were set out in the announcement of the Company dated 29 March 2021.

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 2021, there were no outstanding share options and no share options were granted, exercised or cancelled or lapsed during 1H2021. Further details of the Share Option Scheme are set out in the Company’s 2020 annual report.

PLEDGE OF ASSETS

The net book value of plant and equipment pledged for long term finance lease as at 31 March 2021 was amounted to RM0.3 million compared to RM0.4 million as of 30 September 2020. Certain banking facilities of the Group were secured by the Group’s fixed bank deposits of RM41.2 million as at 31 March 2021 compared to RM57.4 million as at 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During 1H2021 and thereafter up to the date of this interim results announcement, the Company did not redeem any of its listed securities, nor did the Company or any of its subsidiaries purchase or sell such securities.

CORPORATE GOVERNANCE CODE COMPLIANCE

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

The Company has adopted the code provisions as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During 1H2021, the Company has complied with the applicable code provisions of the CG Code.

DIVIDEND

The Board has resolved not to declare the payment of any interim dividend for 1H2021 (1H2020: Nil).

EVENT AFTER THE REPORTING PERIOD

Please refer to note 16 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 1H2021.

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 8 October 2020 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 results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.bgmc.asia. The interim report containing all the information required by the Listing Rules will be published on the aforesaid websites and will be despatched to the Shareholders as soon as possible.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 4 January 2021 and will remain suspended until further notice.

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

Selangor, Malaysia, 27 May 2021

As at the date of this announcement, the Board comprises Dato' Mohd Arifin Bin Mohd Arif (Vice-chairman), and Dato' Teh Kok Lee (Chief Executive Officer) as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Kua Choh Leang and Datuk Kamalul Arifin Bin Othman (Chairman) as independent non-executive Directors.