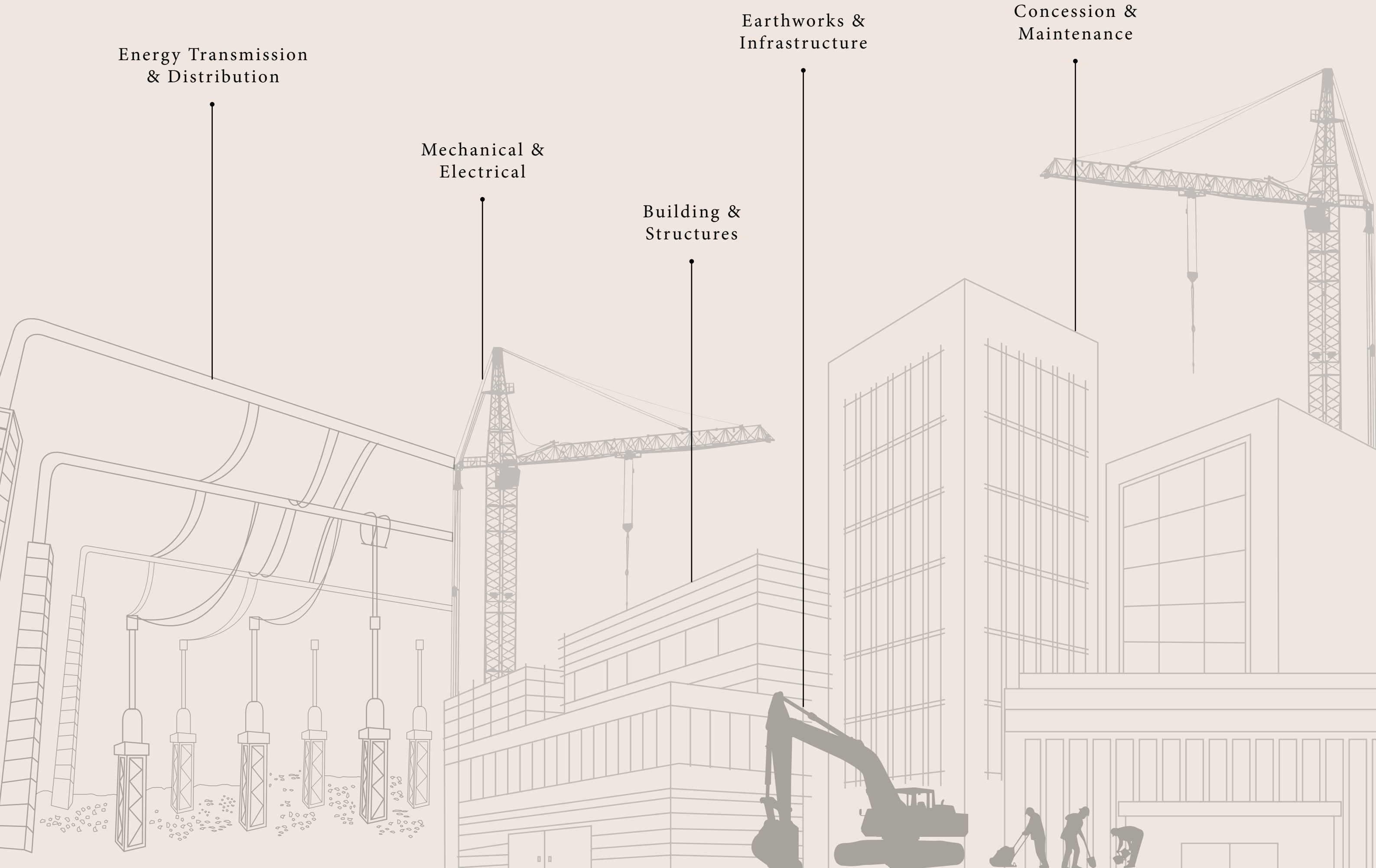
BGMC International Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1693)

CONSTRUCTING OUR TOMORROW

Annual Report 2017



SOLID VALUES

SOLUTION SEEKING

ORGANIZED
COMMUNICATION

LEAN OPERATIONS

INNOVATIVE THINKING

DETERMINED ATTITUDE

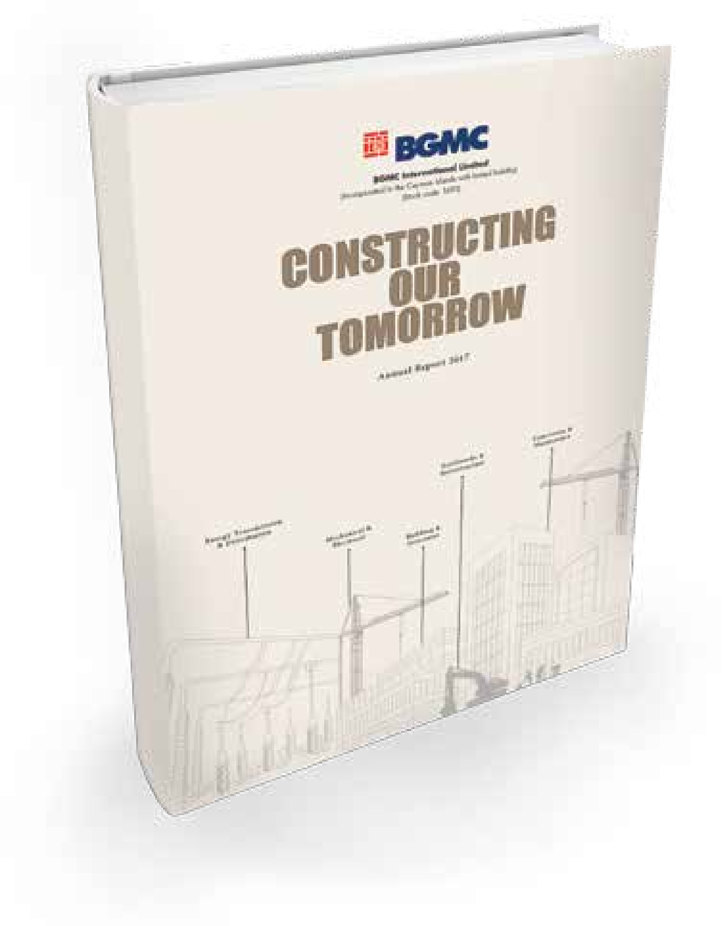
MISSION

PURSUING SUSTAINABLE
ENGINEERING MODELS
TO UPHOLD
THE STANDARDS OF A

G.O. builder
GREEN OCEAN

VISION

TO BUILD 10 ICONIC
STRUCTURES IN
ASIA BY 2030.



COVER RATIONALE

BGMC's inaugural annual report reflects our focus to drive performance and strengthen our position across its key business segments - Building and Structures, Energy Transmission and Distribution, Mechanical and Electrical, Earthworks and Infrastructure and Concession and Maintenance - as depicted on the cover design, given the wide range of opportunities in Southeast Asia. Guided by its belief and passion in delivering innovative ideas and value engineering services, the Group will continuously strive to capture new opportunities, define its position in the industry and fuel sustainable growth in an effort to deliver long-term value to our loyal stakeholders.

For BGMC, the journey in "Constructing Our Tomorrow" has only just begun.

WHAT'S INSIDE

2017
AT A GLANCE

Total Turnover
RM694,915,957

Profit attributable to owners of the Company
RM54,833,458

Net Assets
RM348,949,325

Total Completed 17 Projects in 2017, worth RM551.7 million

On-going Projects' Contract Value

BUILDING & STRUCTURES
Total 10 Projects
RM1,598,419,727

MECHANICAL & ELECTRICAL
Total 6 Projects
RM226,476,867

EARTHWORKS & INFRASTRUCTURE
Total 7 Projects
RM214,321,181

ENERGY TRANSMISSION & DISTRIBUTION
Total 14 Projects
RM139,804,593

Total Awarded 23 Projects in 2017, worth RM792.6 million

BUILDING & STRUCTURES
Total 8 Projects
RM648,631,725

MECHANICAL & ELECTRICAL
Total 1 Project
RM35,150,000

EARTHWORKS & INFRASTRUCTURE
Total 3 Projects
RM7,935,232

ENERGY TRANSMISSION & DISTRIBUTION
Total 11 Projects
RM100,868,327

Awards from left to right:

1. **Certificate of Achievement by CERT Academy** (awarded to BGMC);
2. **PAM Award Commendation** (awarded to BGMC);
3. **Qlassic Day 2017 – Awards of Excellence** (awarded to BGMC);
4. **World Chinese Lifetime Achievement Award 2017** (awarded to Tan Sri Dato' Sri Goh Ming Choon).

MAJOR EVENTS

LISTING IN HONG KONG

LISTING CEREMONY

Date: 09 August 2017

Venue: The Stock Exchange of Hong Kong Limited

APPRECIATION LUNCHEON

Date: 09 August 2017

Venue: Hong Kong Four Seasons Hotel

MAJOR EVENTS

LISTING IN HONG KONG

APPRECIATION DINNER

Date: 09 August 2017

Venue: Island Shangri-La Hong Kong

MAJOR EVENTS

SPORTS CLUB EVENTS

DISTRICT 21

Date: 12 August 2017

Venue: IOI City Mall @ Putrajaya

ARCHERY TAG COMPETITION

Date: 26 August 2017

Venue: Arena 51 @ PJ

DODGE BALL

Date: 10 July 2017

Venue: Jumpstreet Asia @ PJ

MAJOR EVENTS

SPORTS CLUB EVENTS

2 DAYS 1 NIGHT IN PANGKOR

Date: 26 - 27 November 2016

Venue: Pangkor Island

TANAH AINA 2 DAYS 1 NIGHT

Date: 21 October 2017

Venue: Raub Pahang

EVENT SPONSORED BY BGMC

SLIDE THE CITY

Date: 10 September 2017

Venue: Urban Park @ One City

MAJOR EVENTS

EVENT SPONSORED BY BGMC

TARCIAN RUN

Date : 13 July 2017

Venue: TAR College

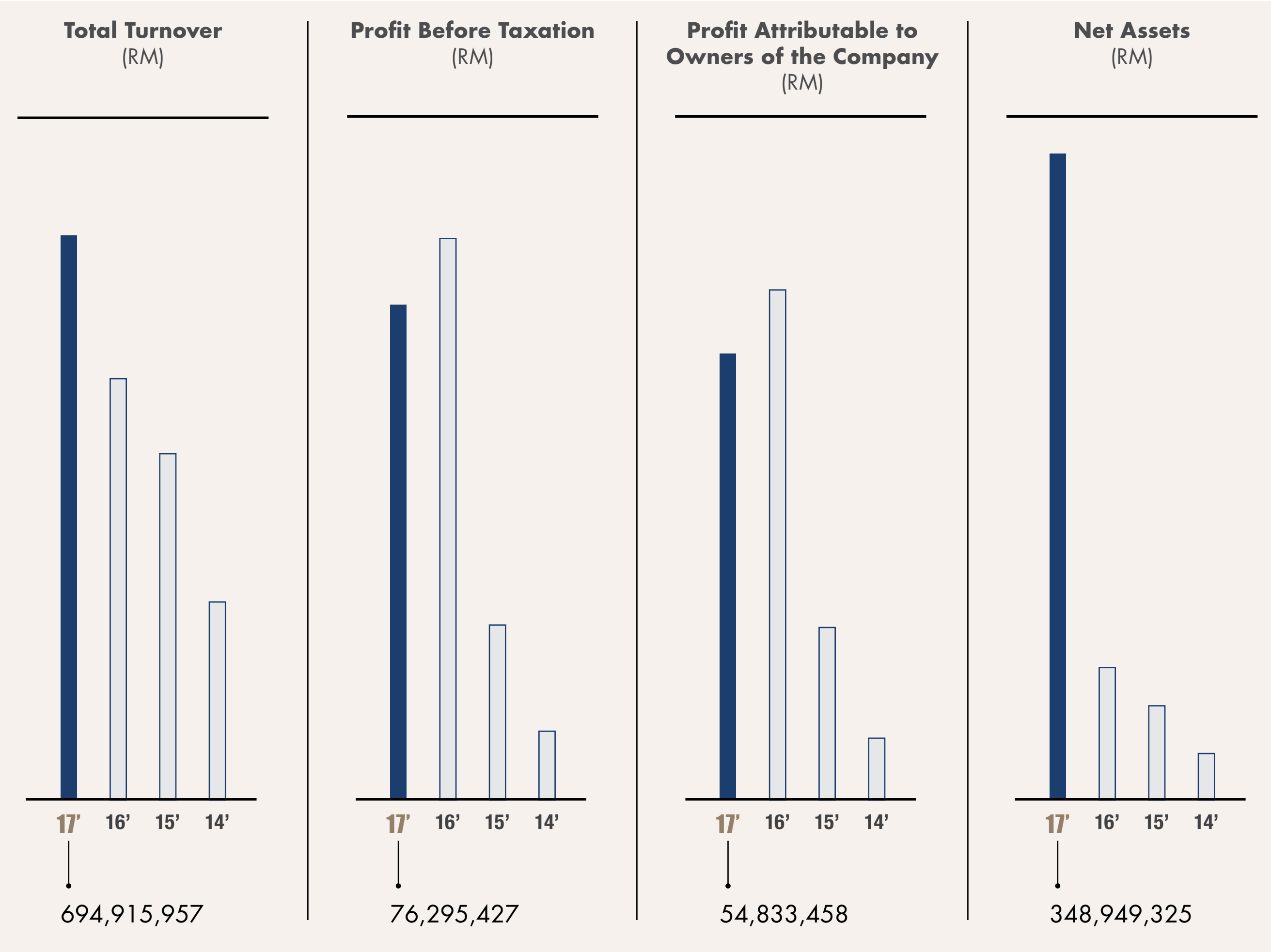
CHARITY EVENT

HOUSE OF JOY CHRISTMAS GIFTING

Date: 21 December 2016

Venue: House of Joy @ Puchong

FINANCIAL SUMMARY



RESULTS (Audited)	2017 RM	2016 RM	2015 RM	2014 RM
Total Turnover	**694,915,957**	516,879,122	425,592,506	240,178,627
Profit before taxation	**76,295,427**	86,630,439	26,634,096	10,152,390
Income tax	**21,172,485**	21,649,639	5,720,013	2,966,057
Profit and total comprehensive income for the year	**55,122,942**	64,980,800	20,914,083	7,186,333
Profit attributable to owners of the Company	**54,833,458**	62,919,122	20,967,277	7,186,333
ASSETS AND LIABILITIES				
Total assets	**939,357,908**	669,549,566	580,025,789	179,257,297
Total liabilities	**590,408,583**	599,465,777	530,768,470	155,817,645
Net assets	**348,949,325**	70,083,789	49,257,319	23,439,652

MAJOR PROJECTS

D'Pristine @ Medini

Construction of a mixed development consisting of a 3-storey retail unit, 6 storey parking facilities, a 23-storey office tower, a 28-storey SOHO tower, a 29-storey SOHO tower and a 27-storey hotel tower at Medini Iskandar, Johor, Malaysia.

The Sky Seputeh

Construction of two blocks of 37-storey towers consisting of 290 units of apartments, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.

MAJOR PROJECTS

The Serini

Construction of two blocks of 38-storey towers consisting of 528 units of apartments, car parks and other facilities at Melawati, Selangor, Malaysia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Tan Sri Dato' Sri Goh Ming Choon
(Chairman)

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

Dato' Teh Kok Lee
(Chief Executive Officer)

Ir. Azham Malik Bin Mohd Hashim

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tan Sri Dato' Seri Kong Cho Ha

Chan May May

Ng Yuk Yeung

AUDIT COMMITTEE

Ng Yuk Yeung
(Chairman)
Tan Sri Dato' Seri Kong Cho Ha
Chan May May

REMUNERATION COMMITTEE

Chan May May
(Chairman)
Tan Sri Dato' Sri Goh Ming Choon
Ng Yuk Yeung

NOMINATION COMMITTEE

Tan Sri Dato' Seri Kong Cho Ha
(Chairman)
Dato' Teh Kok Lee
Chan May May

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, 148 Electric Road
North Point
Hong Kong

REGISTERED OFFICE

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

STOCK CODE

1693

COMPANY'S WEBSITE ADDRESS

www.bgmc.asia

COMPANY SECRETARY

Kwok Siu Man, *FCIS, FCS*
31/F, 148 Electric Road
North Point
Hong Kong

AUTHORISED REPRESENTATIVES

Dato' Teh Kok Lee
No. 2, Jalan Anggerik Vanda 31/166E
Kota Kemuning Hills
40460 Shah Alam
Selangor, Malaysia

Kwok Siu Man, *FCIS, FCS*
31/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITOR

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

COMPLIANCE ADVISER

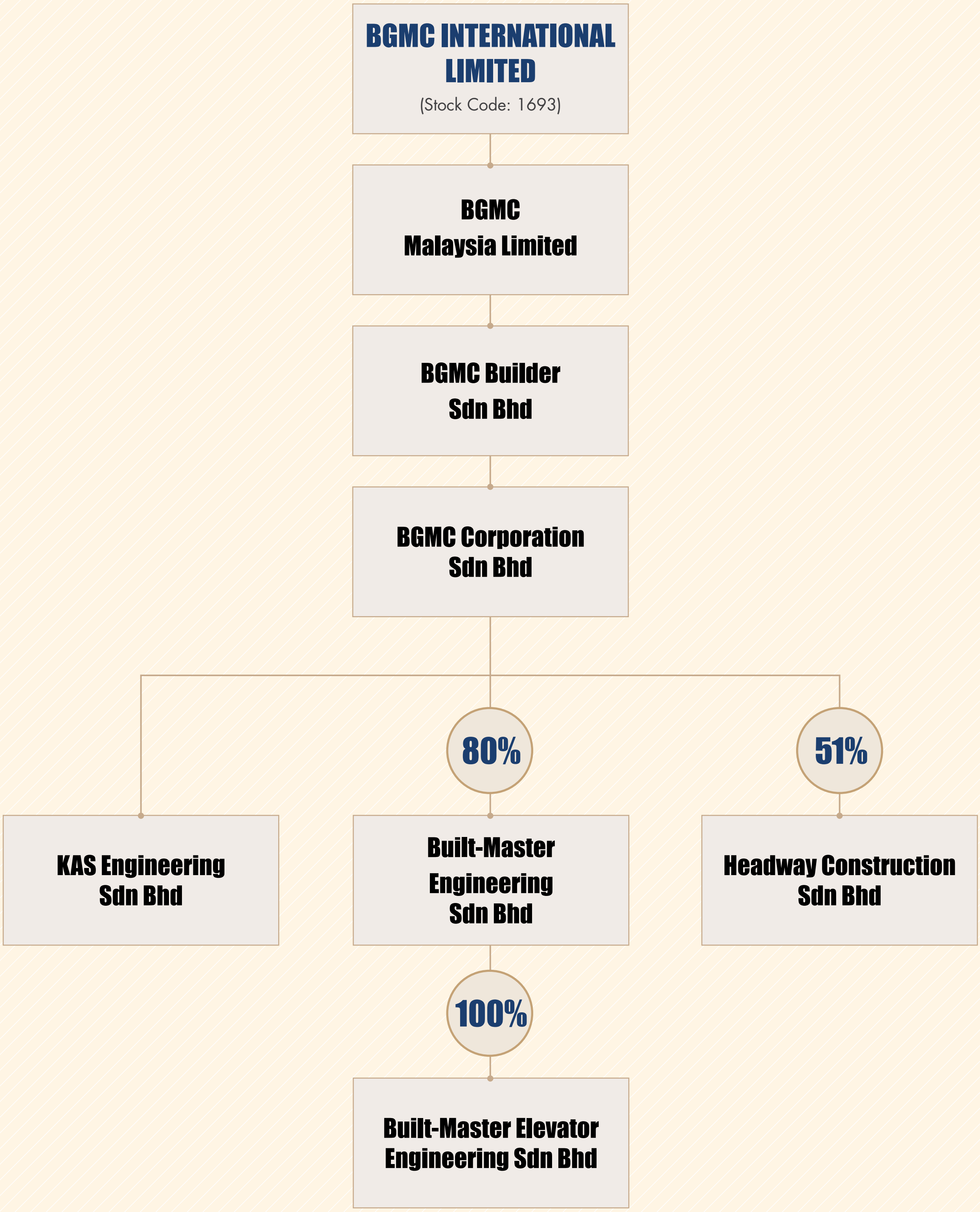
Fortune Financial Capital Limited
35/F, Office Tower
Convention Plaza
Wanchai
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Units 1201 & 1210 – 18
12/F, Mira Tower A
132 Nathan Road
Tsimshatsui, Kowloon
Hong Kong

United Overseas Bank Limited
23/F, 3 Garden Road
Central
Hong Kong

CORPORATE STRUCTURE



Note: Unless otherwise stated, all subsidiaries are wholly-owned by the Company.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board ("**Board**") of directors ("**Director(s)**") of BGMC International Limited ("**Company**"), it is my distinct pleasure to present the inaugural results announcement for the Company and its subsidiaries (collectively "**Group**" or "**BGMC**") for the year ended 30 September 2017 ("**FY2017**").

It was an exceptional year for BGMC as we emerged as the

FIRST MALAYSIAN CONSTRUCTION SERVICE COMPANY

listed on The Stock Exchange of Hong Kong Limited on 9 August 2017

It was an exceptional year for BGMC as we emerged as the first Malaysian construction service company to be listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 9 August 2017. During FY2017, we made excellent progress on all fronts of our business.

We responded positively to the challenging market conditions and strengthened our track record by delivering integrated cost-effective solutions and high-quality services that reinforced our leading position in the industry. It was a year in which we enhanced the value of our construction offerings, seized market opportunities and enhanced productivity in order to drive performance and deliver long-term shareholders value.

FY2017 was an eventful year for us at BGMC as it marked numerous positive milestones. On 9 August 2017, the Company was successfully listed on the Main Board of the Stock Exchange, the first Malaysian-based construction services company to do so. With an issue price of HK$0.70 per share and a market capitalisation of HK$1.26 billion during the initial public offering ("**IPO**"), BGMC saw its share price increase by 15.7% on its first trading day, achieving a market capitalisation of HK$1.458 billion.

Riding on the growth wave experienced in the Malaysian construction industry, we participated in tenders for larger scale projects during the year under review. We also took important steps to diversify our customer base and revenue streams by obtaining new projects from established property developers as well as government-linked companies.

As a result, we witnessed a strong growth for FY2017. Our revenue increased by 34.4% to RM694.9 million in FY2017 as compared to RM516.9 million in the year ended 30 September 2016 ("**FY2016**"), backed by the strong progress experienced in the Construction Services business segments, namely Building and Structures, Energy Transmission and Distribution as well as Mechanical and Electrical. This achievement reflected the disciplined execution of our strategy, resilience and strong business fundamentals to achieve a robust growth.

CHAIRMAN'S STATEMENT

Fresh from our listing, our relentless focus on productivity and delivering integrated construction solutions to address client needs enabled the Group to successfully secure 23 new contracts worth RM792.6 million. Significant among these new projects are Spice Hotel at Penang and Setia Sky Seputeh at Kuala Lumpur. As at 30 September 2017, our order book stood at a healthy RM2.2 billion, and this is expected to drive growth for the next two years. We also completed 17 projects with the contract value worth RM551.7 million, including the refurbishment works of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City, the construction of a block of 20-storey apartment (The Mahogany) at Saujana Impian and two blocks of 22-storey apartment (V-Residency 2) at Seksyen 22, Shah Alam.

Our involvement in concession projects, specifically the construction of the Universiti Teknologi MARA ("**UiTM**") campus over a period of 23 years (three years for construction and 20 years for maintenance) and the listing of BGMC strengthened our financial capability to undertake bigger Public Private Partnerships ("**PPP**") projects via the Build Lease Maintain Transfer ("**BLMT**") model, thus reaffirming our ability to provide cutting-edge expertise and strong execution capabilities in this sector.

Governance

At BGMC, adherence to high standards of corporate governance is a cornerstone of our business. As a newly-listed entity, BGMC remains committed towards operating in accordance with best practices to uphold the highest level of ethical conduct, accountability, transparency and sound risk management systems as recommended by the Hong Kong Corporate Governance Code ("**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**").

As testament of our ability to deliver high quality solutions to meet the multifaceted needs of the industry, BGMC has been honoured with the High QLASSIC Achievement Awards 2017 for the Suci Phase 1A development at Bandar Ainsdale, the PAM Award Commendation 2017 for the KLGCC Alya Sales Gallery and the Certificate of Achievement from the Certified Emergency Response Training Academy for our outstanding commitment to safety and hygiene.

CHAIRMAN'S STATEMENT

Industry Outlook

While the global economic landscape was challenging given the uncertainties in the financial markets, political turmoil and slightly sluggish global demand in 2017, we believe that there will be an upswing in 2018 due to strengthening economic activities.

On the local front, the Malaysian economy is expected to register a gross domestic product growth of between 5.2% and 5.7% for the whole of 2017 despite external headwinds. Against this backdrop, the Malaysian construction sector should continue to play an important role in driving growth, rising at 10.3% per annum from 2016 to 2020, fuelled by the greater demand for residential, commercial and industrial properties as well as higher government expenditure to drive development via the implementation of national infrastructure projects under the 11th Malaysian Plan and Malaysian Budget 2017.

Our established reputation, extensive experience and ability to deliver integrated construction solutions have enabled us to sustain our competitive advantage. Building on this upward momentum, we shall continue to look for avenues to diversify our construction services offerings to the corporate and property development sectors and power-related infrastructure development as well as government-led PPP projects in order to build a strong pipeline for future projects.

We also continue to see many growth opportunities in the PPP sector, both locally and regionally. Recognising that the investments in infrastructure projects to address the connectivity gap across the Asian region is expected to reach US$8 trillion in the future[1], we believe that we are well-positioned to leverage Hong Kong's role as the fundraising centre for Asian infrastructure projects, especially those under China's One Belt One Road initiative. This, I believe, enables us to unlock new opportunities as we widen our market share both locally and abroad, harnessing the value of regional partnerships and collaboration in Malaysia, China and the rest of Southeast Asia.

While we remain cautious of the volatile economic landscape, our efforts have been and will always be centred on strengthening our foundation for future growth and delivering long-term shareholder value. Guided by our experienced management team and expertise across a wide range of Construction Service segments, our target is to increase our order book and further widen our customer base in the next 12 months as well as augment the number of concession projects secured in Malaysia and Southeast Asia. With a clear strategy in place, I am confident of our ability to achieve these targets that will take our growth to the next level.

Board Changes

On behalf of the Board, I would like to welcome onto the Board Tan Sri Dato' Seri Kong Cho Ha, Ms. Chan May May and Mr. Ng Yuk Yeung as Independent Non-Executive Directors, effective from 3 July 2017. We look forward to their valuable guidance and insights to drive this Company forward.

Final Dividend

As a listed entity, a key factor that we hold on steadfastly is our commitment to our loyal shareholders. In meeting our annual dividend commitment to our shareholders, the Board has recommended a dividend payout of HK1.5 cents per share, amounting to HK$27,000,000 for FY2017.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to thank my fellow Directors, our experienced management team and our dedicated team of employees for your unwavering support and commitment. We would also like to extend our heartfelt gratitude to our valued stakeholders – our shareholders, customers, suppliers, financers and government authorities – for your continued loyalty and trust in us.

Recognising that competition will intensify further, we shall not rest on our laurels. We shall continuously challenge ourselves to do better for each project and deliver positive outcomes to our clients. To realise this, we attach great importance to quality, innovation and efficiency in our commitment to deliver integrated construction solutions. Our ability to capitalise on growth opportunities and leverage on our strengths has enabled us to differentiate ourselves from the market.

Moving forward, BGMC is poised to capture new growth opportunities from a position of strength.

Tan Sri Dato' Sri Goh Ming Choon
Chairman
Hong Kong, 28 December 2017

[1] *http://www.scmp.com/business/banking-finance/article/1985212/hkma-lines-financial-partners-one-belt-one-road-projects*

MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1996 and listed on the Main Board of the Stock Exchange on 9 August 2017, BGMC focuses in two key areas, namely Construction Services and Concession and Maintenance Services. In the last 20 years, BGMC has built a strong track record of delivering a wide range of high-quality construction services across Malaysia.

MANAGEMENT DISCUSSION AND ANALYSIS

Setia Sky Seputeh

Business Model

Despite the global economic headwinds, BGMC has emerged as a full-fledged, integrated solutions provider in the Construction Services as well as the Concession and Maintenance Services sectors, backed by its strong business fundamentals and sustainable growth strategy. In fact, its ability to identify and capitalise on the growth opportunities is a result of the strong leadership team, led by Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**"), chairman of the Company ("**Chairman**"), who has recently garnered the World Chinese Lifetime Achievement Award 2017 for his outstanding leadership.

In line with its position as an integrated construction solutions provider, BGMC's business model is built on two key pillars – Construction Services and Concession and Maintenance Services. BGMC is also a Grade 7 contractor registered with the Construction Industry Development Board ("**CIDB**").

The Construction Services business model comprises the provision of services with a contract period typically not exceeding five years. It consists of key priority segments – Building and Structures, Energy Transmission and Distribution, Mechanical and Electrical as well as Earthworks and Infrastructure.

Meanwhile, the Concession and Maintenance Services business model operates on the basis of a concession granted over a relatively longer term with the provision of asset management services. This component is built on two key pillars, namely Concession and Maintenance.

MANAGEMENT DISCUSSION AND ANALYSIS

Core Business Component	Segment	Business Activities
Construction Services	Building and Structures	This segment focuses on the construction of low-rise and high-rise residential, commercial properties and factories as well as government-led infrastructure and facility projects.
	Energy Transmission and Distribution	This segment involves the design and construction of medium and high voltage power substations together with the installation of medium and high voltage cabling systems. BGMC is currently one of the few contractors in its class with underground cabling capabilities.
	Mechanical and Electrical	This segment focuses on bringing value engineering into the installation of mechanical and electrical components and equipment for buildings and infrastructure. BGMC's capabilities in this area spans from design and planning for equipping a building to the physical installation of mechanical and electrical facilities.
	Earthworks and Infrastructure	Armed with its own fleet of machinery, this segment focuses on carrying out earthworks, including site clearing, building platform preparation, road and drainage systems as well as other infrastructure installation.
PPP	Concession	Under the BLMT model, BGMC secured the concession to build the UiTM campus for a period of three years and provide asset management services for 20 years.
	Maintenance	BGMC is well-equipped to provide asset management services and currently does this under the UiTM BLMT project.

Without a doubt, the momentum of the construction industry in Malaysia is picking up at a faster pace. Energised by this, BGMC capitalised on the growth themes brought by positive trends in the Malaysian construction industry, reinforced by spending on infrastructure projects by the Government. In order to fortify our position, BGMC captured new opportunities created from new tenders, expanded its reach nationwide and delivered quality value engineering services that accelerated growth for FY2017.

Additionally, BGMC's well-established management system and stringent adherence to quality assurance also enabled it to attract and maintain a strong customer base including Sime Darby Property Berhad, S P Setia Berhad, MRCB Builder Sdn Bhd, Tenaga Nasional Berhad, UiTM, and B&G Global Property Sdn Bhd, to name a few.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Revenue

BGMC's strategies to create further income streams from the Construction Services segment bore fruit in FY2017 as we experienced a 34.4% increase in revenue from RM516.9 million in FY2016 to RM694.9 million in FY2017, despite a decrease in the Earthworks and Infrastructure segment. The increase in the revenue was mainly due to robust growth experienced in the following segments:

- The Building and Structures segment revenue increased 42.8% from RM371.3 million in FY2016 to RM530.0 million in FY2017 following the increase in construction progress for the Group's ongoing projects such as D'Pristine @ Medini, V-Residency 2 and The Serini. The refurbishment works of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City also contributed RM44.1 million in revenue during the year in review.

- The Energy Transmission and Distribution segment saw a substantial jump of 141.9% from RM23.2 million in FY2016 to RM56.2 million in FY2017 following its success in securing new projects such as power substation works at PMU 132 kV Damansara Heights and underground cabling works from PMU Tanjung Kupang to SSU Forest City, from PMU Damansara City to PMU Brickfield.

- The Mechanical and Electrical segment revenue increased twofold from RM18.5 million in FY2016 to RM37.5 million in FY2017 due to significant increase in construction progress in the Melawati and Sendayan projects. BGMC's newly secured project, "The Henge" in Kepong also contributed to higher revenue recognised in FY2017.

Gross Margin

Gross margin dropped to 18.4% for FY2017 from 20.2% in FY2016 owing to the decrease in the Building and Structures segment's gross margin from 20.7% to 17.3%. This was a result of the increase in the construction cost of the D'Pristine @ Medini project which was affected by changes in design and acceleration of construction activities to speed up the works progress to ensure prompt delivery of project to the client.

Another factor which contributed to the decrease in the gross margin of construction projects was the sharp increase in steel bar prices. Additional provision for defect works for certain completed projects also contributed to the decline in the Company's gross margin.

The Serini

MSM Warehouse

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses increased from RM38.3 million in FY2016 to RM75.1 million in FY2017, mainly due to increases in staff costs, depreciation and listing expenses. The increase in headcount from 329 to 398 contributed to a substantial increase in staff costs as more headcount was required to cope with higher business volume arising from significant progress in construction activities. The staff costs increased from RM19.5 million in FY2016 to RM28.8 million in FY2017.

Higher depreciation charges of RM8.0 million were recorded in FY2017 as compared with RM5.1 million recognised in FY2016 due to acquisition of more construction machineries and equipment during the year under review. The one-off listing expenses of RM15.7 million also contributed to the higher administrative expenses registered in FY2017.

Finance Costs

Finance costs decreased 20.9% from RM23.9 million in FY2016 to RM18.9 million in FY2017 due to one-off reduction in the bank borrowing interest rates for the UiTM BLMT project from 7.75% to 6.85%.

Income Tax

Effective income tax in FY2017 was 27.8% compared with 25.0% in FY2016. Higher effective income tax was due to non-deductible listing expenses incurred in FY2017 and the under-provision of income tax in the prior year.

Profit Attributable to the Owners of the Company

Based on the above factors, profit attributable to the owners of the Company decreased by RM8.1 million or 12.9% from RM62.9 million in FY2016 to RM54.8 million in FY2017.

The profit attributable to the owners of the Company would have increased to RM70.6 million in FY2017 from RM65.1 million recorded in FY2016 if the one-off listing expenses of RM15.7 million and RM2.2 million incurred during FY2017 and FY2016, respectively, were excluded.

Liquidity, Financial Resources and Capital Structure

Total bank borrowings were reduced from RM274.7 million in FY2016 to RM254.8 million in FY2017. The reduction of bank borrowings were due to the repayment of term loan instalment for our UiTM BLMT project. All bank borrowings' interest were charged at floating rate. Meanwhile, the obligations under finance leases increased from RM16.3 million in FY2016 to RM31.8 million in FY2017. The increase of financial leases was the result of an increase in the acquisition of plant and machinery such as tower cranes, concrete pumps and aluminium formworks.

Our gearing ratios improved drastically from 415.1% as at 30 September 2016 to 82.2% recorded as at 30 September 2017 mainly due to an increase in equity attributable to the higher accumulated retained earnings and new shares issued from the public offering in Hong Kong and International placing of the shares of the Company on the Stock Exchange ("**Global Offering**").

Our cash and cash equivalent as at 30 September 2017 amounted to RM136.6 million as compared to RM70.8 million recorded as at 30 September 2016. This increase was due to funds raised from the Global Offering.

Treasury Policies

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

Net Current Assets

As at 30 September 2017, our net current assets amounted to RM241.6 million as compared to the net current liabilities of RM23.3 million recorded as at 30 September 2016.

The Board regularly reviewed the maturity analysis of the Group's contractual liabilities and concluded that we have no liquidity issues that may cast significant doubt on the Company's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

Our capital expenditures mainly consist of procurement of construction machineries such as tower cranes, concrete pumps and aluminium formworks which were financed by hire purchase, the IPO proceeds and internally generated funds. For FY2017, our acquisition of property, plant and equipment amounted to RM32.0 million, which mainly comprised of construction machineries and equipment.

Charges on Group Assets

As at 30 September 2017, the detail of the assets pledged to bank to secure banking facilities and the term loan granted to UiTM BLMT project are disclosed in Note 22 to the consolidated financial statements.

Material Acquisition and Disposal of Subsidiaries and Associated Companies

The Group has no material acquisitions or disposals of subsidiaries and associated companies during the period from the Listing Date to 30 September 2017.

Significant Investment Held

The Group did not hold any significant investments during the period from the Listing Date to 30 September 2017.

Foreign Exchange Exposure

The functional currencies of our operations, assets and liabilities are mostly denominated in RM. Therefore, we are not exposed to significant foreign exchange risk and have not employed any financial instrument for hedging.

Employees and Remuneration

As at 30 September 2017, the Group had a work force of 398 employees compared with 329 employees as at 30 September 2016. Total staff costs incurred in FY2017 was RM28.8 million as compared to RM19.5 million recorded in FY2016.

Business Review

Refurbishment works of the Bukit Jalil National Sports Complex

Construction Services

In adhering to its business model, BGMC intensified its efforts in winning the right kind of projects which has helped sharpen its competitive advantage. Driven by the growth experienced by the Malaysian construction industry, Construction Services continue to be the Group's main revenue contributor, contributing 98.4% or RM684.1 million during the year under review as compared to 98.3% or RM508.1 million in the previous year, primarily driven by the organic growth of its business segments, namely Building and Structures, Energy Transmission and Distribution as well as Mechanical and Electrical.

BGMC's ability to deliver value engineering services and innovative end-to-end integrated solutions, coupled with strong execution and effective cost control capabilities has given it the competitive advantage to successfully complete several key projects, namely refurbishment works of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City, the Mahogany, Kingsley International School and V-Residency 2.

MANAGEMENT DISCUSSION AND ANALYSIS

For FY2017, BGMC secured 23 new projects with a total contract value of RM792.6 million, including the construction of Spice Hotel in Penang and Setia Sky Seputeh in Kuala Lumpur.

As at 30 September 2017, BGMC's order book for Construction Services stood at RM2.2 billion while its outstanding order book stood at RM1.2 billion.

The top five BGMC's ongoing projects are as follows:

Project Descriptions	Contract Value (RM'000)
D'Pristine @ Medini: Construction of a mixed development consisting of a 3-storey retail unit, 6-storey parking facilities, a 23-storey office tower, a 28-storey SOHO tower, a 29-storey SOHO tower and a 27-storey hotel tower at Medini Iskandar, Johor, Malaysia.	580,000
The Sky Seputeh: Construction of two blocks of 37-storey towers consisting of 290 units of apartments, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,020
Setia Spice: Construction of a 26-storey building which consists of a 19-storey hotel tower (453 rooms), 3-storey carpark, 4-storey hotel facilities and a 2-storey basement carpark at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488
The Serini: Construction of two blocks of 38-storey towers consisting of 528 units of apartments, car parks and other facilities at Melawati, Selangor, Malaysia.	178,908
V-Residency 5: Construction of a 24-storey tower consisting of apartments and other amenities at Selayang town, Gombak District, Selangor, Malaysia.	66,850

Building and Structures

Leveraging on the growth of Malaysia's construction industry, the Building and Structures segment was at the forefront of the Construction Services business component, contributing 71.8% or RM530.0 million during the year under review.

For FY2017, some of the key projects completed include the 20-storey apartment (The Mahogany) at Saujana Impian, construction of two blocks of 22-storey apartments known as V-Residency 2 as well as Kingsley International School. Another project that is reaching completion is the MSM Warehouse and this project cemented BGMC's ability to correctly identify new growth drivers, namely construction of industrial assets, under the Building and Structures segment.

MANAGEMENT DISCUSSION AND ANALYSIS

MSM Warehouse

Setia Sky Seputeh

To further support this growth, BGMC successfully reduced the rental of machinery and site equipment for certain building and structures projects by purchasing new equipment such as tower cranes, self-climbing platforms, concrete pumps and aluminium formworks, which were funded by IPO proceeds.

For the year under review, BGMC secured eight new contracts worth RM648.1 million for this segment such as the MSM Warehouse, Setia Sky Seputeh in Kuala Lumpur and Setia Spice Hotel in Penang. We had an outstanding order book of RM918.1 million in the Building and Structures segment as at 30 September 2017.

Energy Transmission and Distribution

The Energy Transmission and Distribution segment has been identified as one of the key growth drivers for BGMC's Construction Services component moving forward. Given the increasing demand for sustainable and reliable electricity transmission and distribution in tandem with the country's rapid economic growth, it is expected that the government-driven initiatives to expand the transmission and distribution grid will improve the current transmission and distribution capacity.

For FY2017, we undertook Energy Transmission and Distribution works that involved the installation of 33 kV underground cabling systems and construction of a 275 kV power substation. During the year under review, we completed eight projects, with a total contract value of RM29.7 million, such as the installation, testing and commissioning of the 33 kV single core underground cable with fibre optic cables from PMU Pasak to SSU Sedili Besar in Johor, from PMU Tanjung Kupang to PMU Forest City and from PPU BKMC to PPU MRT Cuepacs.

This segment's outstanding order book stood at RM107.3 million as at 30 September 2017. For the year under review, the Energy Transmission and Distribution segment secured 11 new projects with a total contract value of RM100.9 million, such as power substation works at PMU 132 kV Damansara Heights and underground cabling works from PMU Tanjung Kupang to SSU Forest City, as well as from PMU Damansara City to PMU Brickfield.

Mechanical and Electrical

Our Mechanical and Electrical segment provides smooth end-to-end integration which allows us to plan, design, source, build and manage the overall construction supply chain right down to the smallest details. Across all our projects, we have incorporated value engineering into the Mechanical and Electrical system planning and design as this allows us to optimise functionality, safety, efficiency and lower maintenance costs.

During the year under review, we completed four Mechanical and Electrical works for commercial and office buildings for contracts amounting to RM40.9 million, which included being the subcontractor for the extra-low voltage, low voltage and medium voltage electrical services works for the construction of a 13-storey commercial complex at Melawati Town Centre in Selangor.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, this segment secured one new contract worth RM35.1 million for The Henge Metropolitan and it had outstanding contracts worth RM195.2 million as at 30 September 2017.

Earthworks and Infrastructure

The Earthworks and Infrastructure segment worked as a subcontractor through its subsidiary Headway Construction. During the year under review, this segment won three new contracts worth RM7.9 million for Kota Seriemas PT20, Bukit Rahman Putra Sungai Buloh and Pengerang.

As at 30 September 2017, the Earthworks and Infrastructure segment's outstanding order book amounted to RM12.2 million and we are currently working on securing a pipeline of new projects.

Concession and Maintenance

Leveraging on our experience and expertise in Construction Services, we believe that there is big potential in the PPP sector and as such, we have reinforced our focus on developing PPP projects given our strong track record in undertaking PPP projects based on the BLMT model.

To date, we have in place the UiTM BLMT project which operates based on a concession granted over a period of 23 years, of which three years are for construction while the remaining 20 years are for asset management services. As such, this PPP project ensures long-term, steady cash inflow for BGMC. For FY2017, the Concession and Maintenance segment contributed RM10.5 million to overall revenue and imputed interest income amounted to RM43.7 million.

The success of the UiTM BLMT project has helped elevate our performance in the PPP segment and this in turn will enhance our ability to secure more projects in the near future. In Malaysia, the increase in the total value of construction projects will also see the number of PPP projects in transportation, road, communications, health, energy and education sectors undertaken by the government to rise further. We believe that we are working from a position of strength to capture the PPP projects under the Private Finance Initiative ("**PFI**") programme which will widen our customer base and at the same time, strengthen our reputation in the construction landscape of both Malaysia and the region.

Organisational and Human Capital Development

BGMC's ability to deliver its strategy is a result its team of excellent employees. As its main asset, BGMC has invested in and put in place strategic programmes that will create a vibrant and flexible workforce.

During the year under review, BGMC's employee base grew from 329 as at 30 September 2016 to 398 as at 30 September 2017. Recognising the rapid growth experienced, more than 74 training programmes were conducted over 4,400 hours to complement certain job functions thus enabling employees to further develop their professional capacity. More than 240 employees participated in these programmes to upgrade their skills and knowledge which included courses related to Occupational Health & Safety, Quantity Surveying, Construction Law, Company Law and most importantly, forums related to the One Belt One Road Initiative.

BGMC believes that a fair and effective remuneration policy goes a long way in spurring commitment from staff. Remuneration packages are designed based on merit. The Human Resources Department conducts formal staff appraisal on an annual basis, where staff performance is systematically measured, and reward is given where due to encourage excellence in performance.

MANAGEMENT DISCUSSION AND ANALYSIS

How BGMC Manages Risks

Given the nature of its business, BGMC has put in place rigorous risk management procedures to ensure that it achieves its strategic objectives and drives performance.

RISK	IMPACT ON BGMC'S FUTURE FINANCIAL PERFORMANCE	HOW BGMC MANAGES RISKS
Project Financing Substantial capital for investing or acquiring future construction businesses or BLMT projects may be required. There could be risk in the following areas: • Project financing due to unfavourable financing terms; and • Poor cash flow due to reduced collection from clients.	Failure to obtain capital on acceptable terms may increase financing costs and cause delays in expansion plans.	• Proactively and consistently engage bankers who are partners to keep them well-informed of BGMC's businesses by sharing status of current and new projects. In the current environment, bankers have demonstrated a keen interest to know more about its activities before they invest. • Strengthen investor relations (appointed Strategic Public Relations Group Limited as consultant). • Select clients with the reputation of being good paymasters. • Explore capital markets and corporate bonds.
Market Conditions BGMC operates in a highly competitive industry. Its performance is dependent on market conditions, trends in the construction industry and the overall economy which may adversely change.	Unfavourable market conditions may result in: • Reduced number of tenders; • Reduced number of projects awarded; and • Reduced value of projects (due to competitiveness) resulting in reduced profit.	• More emphasis on PPP projects (using financial ratios such as Internal Rate of Return ("**IRR**"), Price/Earning ("**PE**"), Return of Capital Employed ("**ROCE**"), Net Tangible Assets ("**NTA**"), and gearing as measurements). • Merger and acquisition of related businesses (using financial ratios such as IRR, PE, ROCE, NTA, and gearing as measurements). • Expand and diversify client base. Currently, BGMC has two types of clients: o Property developers (such as Sime Darby Property Berhad and S P Setia Berhad); and o Corporate clients (such as Tenaga Nasional Berhad and MSM Malaysia Holdings Berhad). BGMC is also exploring opportunities from the One Belt One Road initiative in China. • Training, development and retention of high-performance staff to maintain competitiveness of the organisation.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK	IMPACT ON BGMC'S FUTURE FINANCIAL PERFORMANCE	HOW BGMC MANAGES RISKS
Corporate Planning The historical growth track record of the Company may not suit BGMC's future growth. Difficulties in integration may arise from future acquisitions or strategic investments and this may adversely affect BGMC's operations.	Business diversification and acquisition may face difficulty in integrating new and existing businesses, in terms of: • People: New talent required but may create clash in terms of national and Company culture. • Infrastructure: Existing infrastructure may not be sufficient. If new ones are introduced, there may be integration/interfacing difficulties, especially due to unfavourable geographic locations. • Systems: Existing systems on management, finance and accounting, procurement and other areas may not be suitable for new business or businesses in different countries. This may lead to business failure or reduced IRR.	• Engage specialists or consultants (local or those with robust knowledge of and experience with local business climate) to carry out business feasibility studies, which include evaluation of: o Market conditions; o Financial viability; o Talent and manpower availability; o Infrastructure and systems planning; o Technology requirements; and o Legal requirements. • Foreign currency sensitivity analysis. • Training and development of existing key personnel to prepare for requirements and challenges in anticipated expansion/acquisition plans.

Future Prospects

The future promises to be filled with exciting times for BGMC. The Malaysian construction industry is expected to grow following the introduction of the Construction Industry Transformation Programme (2016-2020) and the 11th Malaysian Plan.

Further to this, the number of PPP projects in transportation, road, communications, healthcare, energy and education sectors of the Malaysian government alone is also expected to increase and drive both construction and BLMT project businesses for BGMC. Taking advantage of this uptrend, we believe this presents an opportunity for BGMC to grow its businesses and strengthen its order book.

Moving forward, BGMC will continue to invest in initiatives that will give it a solid competitive advantage over the long term. To adapt to this dynamically evolving landscape, BGMC will diversify its Construction Services portfolio given the greater demand for residential, commercial and industrial properties as well as infrastructure development projects under the Economic Transformation Programme, 11th Malaysia Plan and Malaysian Budget 2017. The Construction Services and Concession and Maintenance segments will continue to shape its activities as BGMC continues to focus on large scale and complex projects as well as high-rise building construction projects given its proven track record as an integrated construction solutions provider.

In this regard, the Energy Transmission and Distribution segment has been identified as one of its key growth drivers as BGMC works towards securing more tenders in the power, energy efficiency and renewable energy ("**RE**") sectors, given the rising demand for reliable electricity supply, especially in the rural areas of Malaysia. Additionally, more transmission and distribution networks are expected to be developed and upgraded to meet current and future needs, coupled with the increasing demand for power-related infrastructure to ensure the reliability of electricity supply nationwide, will not only build a strong project pipeline, but also create new growth platforms for this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

BGMC will optimise productivity and achieve a robust order book in the next 12 months, tendering for projects in the corporate sector, property (residential and commercial), industrial sector, government-linked projects and supporting infrastructure projects in Malaysia as well as seize opportunities available elsewhere in Southeast Asia. At the same time, BGMC will also be seeking possible opportunities via strategic partnerships to extend its Construction Services portfolio and footprint across the region, thereby increasing its market share in the near future.

On that note, growing its business portfolio in the region will be a critical growth driver in the future. Hence, PPP projects will be an important factor in realising BGMC's regional growth potential. Cognisant that PPP and PFI model projects are expected to increase in the region to address the various infrastructure gaps across the Asian region, and coupled with the One Belt One Road Initiative which attracts foreign direct investments, BGMC will accelerate growth by creating strong partnerships and collaboration with business partners who/which have local in-depth knowledge and strong connections for PPP tenders or proposals from governments across the region. In fact, due to the listing in Hong Kong and the island's position as the fundraising centre for the One Belt One Road initiative, BGMC is well-positioned to grow its construction footprint regionally.

To amplify this further, BGMC is also pursuing growth opportunities by entering into investments in government concession projects based on the BLMT model or other PPP models via collaboration, partnerships or even merger and acquisitions locally and abroad. In the next 12 months, it will focus on the Malaysian market where BGMC believes it can win high quality contracts and achieve its targets while at the same time, explore opportunities within Southeast Asia.

Indeed, BGMC has come a long way since its humble beginnings over 20 years ago. Today, it is in the midst of moving into its next chapter of growth and its listing on the Stock Exchange is just the beginning of this exciting journey. BGMC has made a good start.

As BGMC moves into the second year as a listed entity, it constantly asks itself, "how far can it push itself?" and "has it done enough?" Based on its unwavering commitment to excellence, adherence to prudent financial management and strong track record to compete effectively, BGMC is uniquely-positioned to benefit from the growth experienced in the construction industry in Malaysia and the region.

BGMC is optimistic about the future and remains resilient in its pursuit to drive performance and deliver long-term shareholder value.

Dato' Teh Kok Lee
Chief Executive Officer
Hong Kong, 28 December 2017

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

TAN SRI DATO' SRI GOH MING CHOON

Chairman and Executive Director

Tan Sri Dato' Sri Goh Ming Choon (丹斯里拿督吴明璋) ("Tan Sri Barry Goh"), aged 53, was appointed as a Director on 18 November 2016 and is now the Chairman and an Executive Director. He is also a member of the Remuneration Committee. Tan Sri Barry Goh is also a director of certain of the subsidiaries of the Company. He is primarily responsible for formulating the overall development strategies and business plans of the Group and overseeing the management and strategic development of the Group. He graduated from Tunku Abdul Rahman College (currently known as Tunku Abdul Rahman University College) in Malaysia with a Diploma in Technology (Electronic Engineering) in July 1990. Tan Sri Barry Goh is an uncle of Dato' Michael Teh, the Chief Executive Officer, an Executive Director, and a controlling shareholder of the Company.

Tan Sri Barry Goh is an entrepreneur and has over 20 years of experience in the property development and construction business. In 1994, after his experience obtained in Honeywell Engineering Sdn. Bhd., an engineering company, he established B&G Capital Resources Berhad ("**B&G Capital**"), which was initially engaged in the trading of electronics and electrical components. B&G Capital currently conducts building construction, design and manufacturing of building materials, civil engineering and infrastructure business. In November 1996, he became a director of Modular Construction Technology Sdn Bhd. ("**Modular Construction**"), a subsidiary of MCT Berhad ("**MCT**") which is listed on the Main Market of Bursa Malaysia Securities Berhad, to carry out building construction business. In 2004, he became a director of MCT Consortium Bhd., which later acquired Modular Construction and the parent company of which, i.e. MCT. Since February 2013, Tan Sri Barry Goh has been a director of Odenza Corp. a mining company quoted on the over-the-counter markets in the United States with the symbol ODZA.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

DATO' MOHD ARIFIN BIN MOHD ARIF

Vice-Chairman and Executive Director

Dato' Mohd Arifin bin Mohd Arif ("Dato' Arifin"), aged 54, was appointed as a Director on 18 November 2016 and is now the Vice-chairman of the Board and an Executive Director. Dato' Arifin is also a director of certain subsidiaries of the Company.

He is primarily responsible for overall management, corporate development and strategic planning of the Group. Dato' Arifin has over 23 years of experience in the construction field. From 1993 to 2006, he was a director of Ehsanuibu Sdn. Bhd., a Malaysian construction company. Since June 2007, he has been a director of KAS Engineering Sdn. Bhd. ("**KAS Engineering**"), an indirectly wholly-owned subsidiary of the Company and he facilitated KAS Engineering to secure the UiTM project in 2012. Dato' Arifin sat for the Joint Examination for the Sijil Pelajaran Malaysia and General Certificate Examination in 1980 and obtained a Grade Three Certificate.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

DATO' TEH KOK LEE

Executive Director and Chief Executive Officer

Dato' Teh Kok Lee (拿督鄭國利) ("Dato' Michael Teh"), aged 34, was appointed as a Director on 18 November 2016 and is now the Chief Executive Officer and an Executive Director. He is also a member of the Nomination Committee. Dato' Michael Teh is currently the chief executive officer and a director of BGMC Corporation Sdn. Bhd. ("BGMC Corporation"), an indirectly wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries of the Company. He is primarily responsible for overall management, corporate development and strategic planning of the Group. He graduated from the University of the West of England, Bristol in the United Kingdom with a Bachelor's degree in Law in July 2006. Dato' Michael Teh is a nephew of Tan Sri Barry Goh, the Chairman, an Executive Director and a controlling shareholder of the Company.

Dato' Michael Teh has over 10 years of experience in the construction field. Prior to his joining of BGMC Corporation as its project director in April 2011, he joined B&G Concept Property Sdn. Bhd., a housing and commercial property development company in Malaysia, in September 2006, as a personal assistant to the managing director for about five years. He was responsible for providing guidance on contract and commercial practices and procedures to the managing director, project managers or other operational staff. Dato' Michael Teh was a director of Odenza Corp., a mining company quoted on the over-the-counter markets in the United States with the symbol ODZA, from February 2013 to May 2015.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

IR. AZHAM MALIK BIN MOHD HASHIM

Executive Director

Ir. Azham Malik bin Mohd Hashim ("Ir. Azham Malik"), aged 51, was appointed as a Director on 18 November 2016 and is an Executive Director. Ir. Azham Malik is also a director of certain subsidiaries of the Company. He is primarily responsible for overall management, corporate development and strategic planning of the Group. He has been a member of the Institute of Engineers, Malaysia since April 2012. He obtained his Bachelor's degree in Engineering from the University of New South Wales, Australia in May 1992.

Ir. Azham Malik has over 17 years of experience in the construction field. He became a director of BGMC Corporation in December 1999 after his experience obtained in Dmac Associates Sdn. Bhd., a construction company. In 2008, he became a director of MDP Studio Sdn. Bhd., a company that engages in civil engineering consultancy services. He does not participate in the day-to-day management of this company, and he is able to spend the majority of his time in the Group.

DIRECTORS

TAN SRI DATO' SERI KONG CHO HA

Independent Non-Executive Director

Tan Sri Dato' Seri Kong Cho Ha (丹斯里拿督江作漢) ("Tan Sri Kong"), aged 67, was appointed as an INED on 3 July 2017. He is the chairman of the Nomination Committee and a member of the Audit Committee. He is primarily responsible for supervising and providing independent advice to the Board. He graduated from the University of Malaya in Malaysia with a Degree of Bachelor in Science in June 1974 and graduated from the science, technology and innovation policy executive education program at the Harvard University's Kennedy School of Government in the United States in November 2006.

Tan Sri Kong has several years of experience in public service. From April 2009 to June 2010, he served as the Minister of Housing and Local Government in Malaysia and from June 2010 to May 2013, he served as the Minister of Transport in Malaysia. In February 2014, he became the deputy chairman of Invest Perak (Investment Council in the State of Perak).

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

CHAN MAY MAY

Independent Non-Executive Director

Chan May May (陳美美) ("Ms. Chan"), aged 51, was appointed as an INED on 3 July 2017. She is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. She is primarily responsible for supervising and providing independent advice to the Board. She has been admitted to the Malaysian Bar since March 1991. She graduated from the University of Malaya in Malaysia with a Bachelor's degree in Law in August 1990.

Ms. Chan has over 20 years of experience in the legal field. She has been the chief executive officer of ZICO insource Inc. since July 2015, which engages in the provision of insourcing and consultancy services relating to legal, human resource and communications. Ms. Chan was the head of group corporate communication in Dialog Group Berhad from December 2012 to January 2015. From 2005 to 2012, Ms. Chan was the head of legal and corporate services in Media Chinese International Ltd., a company listed on both the Stock Exchange and Bursa Malaysia Securities Berhad.

DIRECTORS

NG YUK YEUNG

Independent Non-Executive Director

Ng Yuk Yeung (吳旭陽) ("Mr. Ng"), aged 44, was appointed as an INED on 3 July 2017. He is the chairman of the Audit Committee and a member of the Remuneration Committee. He is primarily responsible for supervising and providing independent advice to the Board. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst Charter holder. He graduated from the University of Hong Kong in Hong Kong with a Bachelor's degree in Computer Science in November 1995.

Mr. Ng has over 20 years of experience in auditing and financial management, which was mostly gained from positions in one of the international firms of certified public accountants from 1996 to 1999 and from 2001 to 2002, and in China Resources Enterprise, Limited (Stock Code: 291), the shares of which are listed on the Stock Exchange, from 2002 to 2007. He joined Shenguan Holdings (Group) Limited (Stock Code: 829) as the company secretary and financial controller in February 2009 and is responsible for supervising financial reporting, corporate finance, tax and other finance related matters.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

DATO' MICHAEL TEH

Executive Director and Chief Executive Officer

34 years old

Dato' Michael Teh is primarily responsible for supervising and overseeing the overall business of the Group. Please refer to the paragraph headed "Directors" in this section above for his biography.

CHIANG WAI LAM

Project Director

38 years old

Chiang Wai Lam is a Project Director of the Group and BGMC Corporation and he is primarily responsible for supervising and overseeing the construction projects of the Group. He graduated from the University of Sheffield Hallam, United Kingdom with a Bachelor's degree in Building Construction Management in September 2002.

He has around 10 years of experience in the construction field. Prior to joining BGMC Corporation as a project manager in April 2011, he held the position of quantity surveyor at Modular Construction, a construction company in Malaysia, from October 2002 to July 2007, where he was responsible for cost estimation and contract documents. In October 2007, he joined B&G Concept Property Sdn. Bhd., a construction company in Malaysia, as a senior quantity surveyor/cost planner for 3 years. He was responsible for contract documents, cost estimation and cost planning.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

EE KIAN YIAW

Project Director

40 years old

Ee Kian Yiaw is currently a Project Director of the Group and BGMC Corporation and he is primarily responsible for supervising and overseeing the construction projects of the Group. He graduated from the University of Hertfordshire in the United Kingdom with a Bachelor's degree in Engineering in June 2000.

He has over 15 years of experience in the construction field. Prior to his joining BGMC Corporation in April 2011, Ee Kian Yiaw joined Mie Industrial Sdn. Bhd., a construction company in Malaysia, in November 2000 as a trainee engineer and was subsequently promoted to project engineer. He was responsible for planning and implementing construction projects. In February 2004, Ee Kian Yiaw joined Best Ventures Sdn. Bhd. as a project engineer for 7 years. He was responsible for supervising and monitoring the construction projects.

CHUA BOON TUCK

Finance Director

51 years old

Chua Boon Tuck is the Finance Director of the Company and BGMC Corporation. He is primarily responsible for supervising and overseeing the overall financial management of the Group. He has been an associate member of the Association of International Accountants since July 2013. He received his Master of Business Administration from University of Southern Queensland, Australia in March 2009.

He has extensive experience working in the finance and accounting field. Prior to his joining BGMC Corporation as the Finance Manager in March 2014, he joined B&G Concept Engineering Sdn. Bhd., a construction company in Malaysia, in March 2013 as finance and accounts adviser where he was responsible for maintaining the financial systems and models.

CORPORATE GOVERNANCE REPORT

1.1 Corporate Governance Practices

The board of directors of the Company ("**Directors**" and "**Board**", respectively) recognises that good corporate governance is essential to the success of the Company and enhances the value of the shareholders of the Company ("**Shareholders**"). The Board is committed to maintaining a high standard of business ethics, a healthy corporate culture and good corporate governance practices.

As the issued ordinary shares of the Company ("**Shares**") were initially listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 9 August 2017 ("**Listing Date**"), the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") was not applicable to the Company for the period from 1 October 2016 to 8 August 2017, being the date immediately before the Listing Date. The Company has applied and complied with all the applicable code provisions as set out in the CG Code during the period from the Listing Date to 30 September 2017 ("**Period**").

1.2 Board of Directors

1.2.1 Roles and Responsibilities

The Company and its subsidiaries ("**Group**") are governed by the Board. The Board is primarily responsible for overall management of the Group's businesses. The Board mainly focuses on the overall strategies, policies and business plans of the Group, monitors the financial performance, internal controls, risk management and corporate governance practices of the Group and all other functions reserved to the Board under the articles of association of the Company ("**Articles of Association**"). The executive directors and the senior management of the Group are responsible for the day-to-day operations of the Group.

The Board has established Board committees and has delegated to these Board committees' various responsibilities as set out in their respective terms of reference. The Board may from time to time delegate certain functions to management of the Group if and when considered appropriate. The management is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

The Directors can seek independent professional advice for performing their duties through the chairman of the Board ("**Chairman**") at the expense of the Company.

The Directors at all times have full access to information of the Group and they can also access to information from the senior management of the Company independently. The Board is provided with monthly operating information which contains the up-to-date performance of the Group and information of the Company, which is posted on the respective websites of the Company and the Stock Exchange.

The Company is aware that effective communication can increase productivity and improve teamwork. The Company regularly convenes meetings of the executive Directors with the senior management, middle management and worksites management of the Company. During the meetings, the executive Directors report the Group's overall work progress, deliver the Group's strategy, review the strengths and weaknesses on the Group's work-in-progress and provide sufficient time for the participants to raise questions and express their opinions. Adequate communication between different levels of management of the Company can then be ensured. Other than the independent non-executive Directors ("**INEDs**"), all executive Directors are appointed on a full-time basis and have sufficient time to deal with the affairs of the Company. All Directors are required to fulfil their responsibilities as directors of the Company and their common law duties as directors.

CORPORATE GOVERNANCE REPORT

1.2.2 Composition of the Board

The members of the Board during the Period and up to the date of this annual report are set out below:

Executive Directors	Position
Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**")	*Chairman*
Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**")	*Vice-chairman*
Dato' Teh Kok Lee ("**Dato' Michael Teh**")	*Chief executive officer*
Ir. Azham Malik bin Mohd Hashim ("**Ir. Azham Malik**")	

INEDs
Tan Sri Dato' Seri Kong Cho Ha ("**Tan Sri Kong**")
Chan May May ("**Ms. Chan**")
Ng Yuk Yeung ("**Mr. Ng**")

Throughout the Period, the Board had three INEDs representing more than one-third of the Board and among them, Mr. Ng is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst.

Dato' Michael Teh, the chief executive officer of the Company ("**Chief Executive Officer**") is a nephew of Tan Sri Barry Goh, the Chairman and Tan Sri Barry Goh is the uncle of Dato' Michael Teh. Save for the aforementioned relationship between the Chief Executive Officer and the Chairman, there was no financial, business, family or other material relationships among the members of the Board during the Period and up to the date of this annual report.

The biographical information of the Directors is set out in "Directors and Senior Management" section of this annual report.

An updated list of the Directors identifying the INEDs is maintained on the respective websites of Stock Exchange and the Company. The Company has also maintained an updated list of the Directors and their roles and functions on the aforesaid websites.

The Company has arranged appropriate insurance coverage in respect of any legal action against the Directors.

CORPORATE GOVERNANCE REPORT

1.2.3 Meetings of the Board and the Shareholders and Directors' Attendance Records

From the financial year commencing on 1 October 2017 onwards, the Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice will be given in a reasonable time in advance. All Directors are given draft agenda for all Board meetings including any matters for deliberation and resolution at the meetings. The Directors are allowed to include any matter in the agenda that is required for discussion and resolution at the meeting.

To enable the Directors to be properly briefed on issues arising at each Board meeting and to make informed decisions, an agenda and the accompanying Board papers will be sent to all Directors at least three days before the intended date of the regular Board meeting, or such other period as agreed for other Board meetings. The company secretary of the Company ("**Company Secretary**") is responsible for keeping all Board meetings' minutes recorded in sufficient detail the matters considered and decisions reached. Draft and final versions of the minutes will be circulated to the Directors for comments and records respectively within a reasonable time after each meeting and the final version is open for the Directors' inspection.

If a matter to be considered by the Board involves a conflict of interests of any substantial or controlling shareholder of the Company or the Directors and if the Board considers that the matter is material, it would be dealt with by a physical meeting rather than a written resolution of the Directors.

The Board ensures that there are sufficient INEDs (who, and whose close associates, have no material interests in the transaction) participating in discussing and voting on the resolution. A Director having material interests would abstain from voting on the resolution to avoid any conflict of interests.

The Board held one meeting during the Period on 20 September 2017 and, among other things, considered and approved the audit planning memorandum for the year ended 30 September 2017 ("**Year**") and the corporate governance plan for the year ending 30 September 2018.

The Board subsequently held a meeting on 28 December 2017 and, among other things, considered and approved the audited consolidated financial statements of the Group for the Year.

The attendance of each Director at the Board meetings during the Period and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Executive Directors	
Tan Sri Barry Goh *(Chairman)*	2/2
Dato' Arifin *(Vice-chairman)*	2/2
Dato' Michael Teh *(Chief Executive Officer)*	2/2
Ir. Azham Malik	2/2
INEDs	
Tan Sri Kong	2/2
Ms. Chan	2/2
Mr. Ng	2/2

CORPORATE GOVERNANCE REPORT

During the Period, the Company did not hold any general meeting of the Shareholders.

The Company will review the Board composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Directors have disclosed the number and nature of their offices held in public companies or organisations and other significant commitments in their biographical information. They are also reminded to notify the Company in a timely manner and confirm bi-annually to the Company any change of such information so that the Board can report the changes in its annual report and interim report (as the case maybe).

1.2.4 Induction and Continuing Professional Development

Each of the Directors has received a formal, comprehensive and tailored induction on the first occasion of his/ her appointment to ensure that he/ she has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under statue and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies. During the Year, the Company arranged two training seminars on directors' responsibilities. The first one was provided by the Company's Hong Kong legal advisers, and the second one was provided by the Company's risk management and internal control consultant.

All Directors should participate in continuing professional development ("**CPD**") to update and refresh their skills and knowledge necessary for the performance of their duties. The Company will from time to time provide briefings to all Directors to develop and refresh their duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expenses. All Directors have been advised to provide the Company with their training records. According to the training records maintained by the Company, the CPD programmes received by each of the Directors during the Period are summarised as follows:

Name of Directors	Types of Training
Executive Directors	
Tan Sri Barry Goh *(Chairman)*	A, B
Dato' Arifin *(Vice-chairman)*	A, B
Dato' Michael Teh *(Chief Executive Officer)*	A, B
Ir. Azham Malik	A, B
INEDs	
Tan Sri Kong	A, B
Ms. Chan	A, B
Mr. Ng	A, B

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

CORPORATE GOVERNANCE REPORT

1.3 Board Diversity Policy

During the Period, the Board has adopted a policy of Board diversity and discussed all measurable objectives set for implementing the same.

The Company recognizes and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard to the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

During the Period and as at the date of this annual report, the Board comprises seven Directors, one of which is a female.

Age Group	30 to 39	40 to 50	51 to 60	60 and above
No. of Directors	1	3	2	1
Name of Directors	Dato' Michael Teh	Ir. Azham Malik Ms. Chan Mr. Ng	Tan Sri Barry Goh Dato' Arifin	Tan Sri Kong

1.4 Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer are the two key aspects of management of a company. The Chairman performs the management of the Board and the Chief Executive Officer performs the day-to-day management of the Group's businesses. Clear division of their respective roles and responsibilities is in place and set out in writing to ensure a balance of power and authority.

During the Period and up to the date of this annual report, Tan Sri Barry Goh acted as the Chairman and Dato' Michael Teh acted as the Chief Executive Officer.

1.5 Non-executive Directors

Non-executive directors are appointed on a term of three years.

Pursuant to the Articles of Association, all Directors (including non-executive Directors) appointed by the Board shall hold office only until the first general meeting of the Company after his/ her appointment (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall be eligible for re-election at that meeting.

All Directors shall be subject to retirement by rotation at least once every three years and the retiring Director shall be eligible for re-election.

The Board as well as the Nomination Committee have reviewed the annual written confirmation of independence from each of the INEDs and based on such confirmations, the Company considers that all the INEDs are independent and have met the independence guidelines as set out in Rule 3.13 of the Listing Rules from the Listing Date to the date of this annual report.

CORPORATE GOVERNANCE REPORT

1.6 Board Committees

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The lists of members of the four Board committees are as follows:

Board Committees' Composition	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee
Executive Directors				
Tan Sri Barry Goh *(Chairman)*	-	Member	-	-
Dato' Arifin *(Vice-chairman)*	-	-	-	Chairman
Dato' Michael Teh *(Chief Executive Officer)*	-	-	Member	Member
Ir. Azham Malik	-	-	-	-
INEDs				
Tan Sri Kong	Member	-	Chairman	Member
Ms. Chan	Member	Chairwoman	Member	Member
Mr. Ng	Chairman	Member	-	Member

The composition and the terms of reference of the Board Committees are reviewed and updated regularly to ensure that they remain appropriate and in line with the Company's business and changes in governance practices. The written terms of reference of the Board Committees excluding the Risk Committee are published on the respective websites of the Stock Exchange and the Company.

1.7 Audit Committee

The Audit Committee was established on 3 July 2017 with written terms of reference in compliance with the CG Code.

The principal roles and functions of the Audit Committee include but are not limited to:

- making recommendations to the Board, in relation to the appointment, re-appointment and removal of the external auditors, overseeing the selection process for new auditors, approving the remuneration and terms of engagement of the external auditors, and investigating the resignation by the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and discussing with the external auditors on the nature and scope of the audit and reporting obligations before the audit commences;
- seeking from external auditors, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff, the level of fees paid by the Company and the Group compared to the overall fee income of the firm, offices and partners and other related requirements;
- monitoring the integrity of the financial statements of the Company including its annual and interim reports and any other formal announcements relating to its financial performance;

CORPORATE GOVERNANCE REPORT

- monitoring and reviewing with management, compliance advisers, external auditors and internal auditors, the adequacy and effectiveness of the Company's policies and procedures regarding internal controls (including financial, operational, IT, risk management, information security, outsourcing as well as legal and compliance controls), and any statement concerning internal controls to be included in the annual financial statements prior to endorsement by the Board;
- discussing with management the scope and quality of systems of internal control and reviewing annually that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget;
- monitoring and reviewing annually the effectiveness of the Group's internal audit function, in particular, ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget, ensuring coordination between the internal and external auditors and ensuring that the internal audit function has appropriate standing within the Company and within the Group;
- reviewing the management letter and management's response to the external auditors' findings and recommendations, and ensuring that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- if required, appointing any accounting firm to perform an external review on the effectiveness of its designed control objectives and control activities. It will be responsible for overseeing the engagement process and approval of such firm's remuneration. It will review and approve any report produced and ensure that it is in line with the terms of the engagement;
- reviewing and approving the assessment of the corruption risks of the Group to which it is subject and the framework of controls put in place to mitigate those risks, including but not limited to the relevant anti-bribery and anti-corruption policy described in the employee handbook; and
- considering other topics as defined by the Board.

During the Period, one Audit Committee meeting was held on 20 September 2017, at which the Audit Committee considered and approved the audit planning memorandum for the Year and the corporate governance plan for the year ending 30 September 2018.

The Audit Committee subsequently held a meeting on 28 December 2017 and, among other things, considered and approved for presentation to the Board for consideration and approval the draft audited consolidated financial statements of the Group for the Year.

The attendance of each INED at the Audit Committee meetings during the Period and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/ No. of Meetings
Mr. Ng *(Chairman)*	2/2
Ms. Chan	2/2
Tan Sri Kong	2/2

CORPORATE GOVERNANCE REPORT

1.8 Remuneration Committee

The Remuneration Committee was established on 3 July 2017 with written terms of reference in compliance with the CG Code.

The principal roles and functions of the Remuneration Committee include but are not limited to:

- formulating remuneration policy for approval by the Board, which shall take into consideration factors such as salaries paid by comparable companies, employment conditions, as well as responsibilities and individual performance of the Directors, senior management and general staff and implementing the remuneration policy laid down by the Board. Performance shall be measured against corporate goals and objectives resolved by the Board from time to time;
- establishing guidelines for the recruitment of the Chief Executive Officer and the senior management;
- recommending to the Board the policy and structure for the remuneration of the Directors (including Non-executive Directors, and the Chief Executive Officer as an ex-officio member) and senior management whilst ensuring no Director or any of his/her associates is involved in deciding his/her own remuneration;
- determining the remuneration of executive Directors (including the Chief Executive Officer who is an ex-officio member of the Board) and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The Chairman and/or the Chief Executive Officer shall be consulted respectively about their proposal relating to the remuneration of the Chief Executive Officer and/or senior management as the case may be;
- reviewing and approving the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct, to the executive Directors and senior management, which shall be fair and not excessive;
- determining the criteria for assessing employee performance, which reflect the Company's business objectives and targets;
- considering the annual performance bonus for the executive Directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and making recommendations to the Board; and
- engaging such external professional advisors to assist and/or advise the Committee on issues as it considers necessary.

During the Period, no Remuneration Committee meeting was held.

The Remuneration Committee held a meeting on 28 December 2017, and reviewed and recommended to the Board for consideration certain remuneration-related matters of the Directors and the senior management.

The attendance of each Director in the capacity of a member of the Remuneration Committee at its meetings during the Period and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/ No. of Meeting
Ms. Chan *(Chairwoman)*	1/1
Tan Sri Barry Goh	1/1
Mr. Ng	1/1

CORPORATE GOVERNANCE REPORT

1.9 Nomination Committee

The Nomination Committee was established on 3 July 2017 with written terms of reference in compliance with the CG Code. The written terms of reference of the Nomination Committee are published on the respective websites of the Stock Exchange and the Company.

The principle roles and functions of the Nomination Committee include but are not limited to:

- reviewing the structure, size, diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skill, knowledge and length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to implement the Company's corporate strategy;
- identifying and nominating candidates to fill casual vacancies of the Directors for the Board's approval;
- assessing the independence of the INEDs and reviewing the INEDs, annual confirmations on their independence;
- making disclosure of its review results in the Corporate Governance Report; and
- reviewing succession planning for the Chairman, the Chief Executive Officer as well as the senior management, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate.

During the Period, no Nomination Committee meeting was held.

The Nomination Committee held a meeting on 28 December 2017 and, among other things, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and recommended to the Board for consideration the re-appointment of the retiring Directors at the forthcoming annual general meeting of the Company ("**AGM**").

The attendance of each Director in the capacity of a member of the Nomination Committee at its meetings during the Period and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/ No. of Meeting
Tan Sri Kong *(Chairman)*	1/1
Dato' Michael Teh	1/1
Ms. Chan	1/1

1.10 Corporate Governance Functions

The Board recognises that corporate governance should be the collective responsibility of the Directors including but not limited to:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- reviewing and monitoring the training and CPD of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this report.

During the Period and up to the date of this annual report, the Board has reviewed and performed the abovesaid corporate governance functions.

CORPORATE GOVERNANCE REPORT

1.11 Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing on the Listing Date.

Each of the INEDs has entered into a letter of appointment with the Company for a term of three years commencing on the Listing Date.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

All the Directors, including INEDs, are subject to retirement by rotation and eligible for re-election in accordance with the Articles of Association. At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he/she retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and does not offer himself/herself for re-election. Any further Directors so to retire shall be those who have been the longest in office since their last re-election or appointment and so that as between the persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

1.12 Remuneration of Directors and Senior Management

Particulars of the Directors' remuneration for the Year are set out in Note 10 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in RM)	Number of Individuals
Nil to 1,000,000	7

Independent Auditor's Remuneration

For the Year, Deloitte PLT ("**Deloitte**") was engaged as the Group's independent auditor.

The remuneration paid/ payable to Deloitte for the Year is set out below:

Services	Fee paid/payable RM
Special audit services for Initial Public Offering	580,000
Statutory audit services	438,000
Tax compliance and advisory services	72,000
Review of Connected Party Transactions	20,000
Review of Annual Results Announcement for the Year	15,000
Total	**1,125,000**

CORPORATE GOVERNANCE REPORT

1.13 Directors' Securities Transactions

The Company has adopted a model code for securities transactions by the Directors and the relevant employees ("**Securities Code**") on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules ("**Model Code**").

The Directors and senior management of the Company are required to comply with the Securities Code from time to time. Notices are sent to the Directors and the relevant employees reminding that they must not deal in the securities of the Company during the "black-out period" specified in the Model Code and before publishing any inside information announcement. The Directors, the Chief Executive Officer, and the senior management of the Company are required to notify the Company and receive from the Company a dated written acknowledgement before dealing in the Company's securities.

Following a specific enquiry made by the Company on each of them, all Directors confirmed that they had complied with the Model Code and the Securities Code during the Period. No incident of non-compliance with the Securities Code by the Directors and relevant employees was noted by the Company.

1.14 Directors' Responsibility for the Financial Statements

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.

The management provided sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before it for review/approval.

The Directors acknowledge that they are responsible for preparing financial statements for each financial period, which give a true and fair view of the state of affairs of the Group. In preparing the financial statements for the Year, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and prepared the financial statements on a going concern basis. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Deloitte has stated in the independent auditor's report its reporting responsibilities on the Company's consolidated financial statements for the Year.

The Board would present a balanced, clear and understandable assessment of the annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as information required to be disclosed pursuant to applicable statutory requirements. The Board confirms that the Company has an effective process for financial reporting and compliance with the Listing Rules.

CORPORATE GOVERNANCE REPORT

1.15 Risk Management and Internal Control

The Board is responsible for the Company's risk management and internal control system. The system is required to withstand the change in its operation and the external environment in respect of strategic risk, financial risk, operational risk and compliance risk, to mitigate the Company's risk exposure so as to safeguard the Shareholders' investment and the Company's assets. The risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company recognises that risk management is also the responsibility of all its employees. The Company has established an organisation structure with defined levels of responsibility. It facilitates the Company to assign roles and responsibilities of risk management at strategic and operational levels clearly. It also makes the Company's processes to identify, assess and manage risks effectively.

The Board is responsible for determining the business strategies and objectives of the Company, and evaluating and determining the nature and extent of risk it is willing to take in achieving the Company's strategy and objective.

The Board oversees the management in the design, implementation and monitoring of the risk management and internal control system. The executive Directors review the changes in the nature and extent of the significant risk from time to time, and the Company's ability to respond to the changes in its business and external environment. The senior management of the Company is responsible for evaluating, managing and reviewing the potential risk.

Ensuring proper management of the Company's risk, the Board communicates, consulates and provides guidance to business segments. The senior management of the Company is also responsible for tracking progress of the mitigation plan of material risk. The business segments are responsible for identifying, analyzing and evaluating the potential operational risk. They also monitor and implement mitigating activity to lower the operational risk.

The Risk Committee focuses on strategic risk, financial risk, compliance risk, market risk, reporting risk and operational risk of the Company. The Risk Committee is chaired by the Vice-chairman and includes the Chief Executive Officer and all three INEDs as committee members. The Risk Committee aims to continually identify and strengthen the risk management of the Company, and builds up a risk-aware and control-conscious culture throughout the Group.

The Risk Committee convenes a meeting annually, provides updated information on the changes of business environment and external environment to the senior management of the Company and enhances the risk control quality.

The Risk Management Committee is chaired by the Chief Executive Officer and includes the senior management of the Company, and the heads of departments of operations, together with the group risk officer. It reports to the Risk Committee on departmental quarterly reports for review.

The Risk Management Working Group which comprises the business segments and the senior management of the Company convenes meetings periodically to evaluate and review the potential risks. In respect of the identified risks, it would suggest remedial action plan and prompt follow up action to ensure that the risk is properly managed and the defect is mitigated. The Risk Management Working Group reports periodically to the Risk Management Committee.

CORPORATE GOVERNANCE REPORT

The Company outsourced the review of the adequacy and the effectiveness of the Company's corporate governance, risk management and internal control system to AdviseAsia Global Services Hub Sdn. Bhd. ("**AdviseAsia**"), an independent professional consultancy company. AdviseAsia is designated as the Company's group risk officer. AdviseAsia adopts a risk-based approach and control-based approach, namely the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") for Enterprise Risk Management – integrating with Strategy and Performance (2017) and the COSO for Internal Control – Integrated Framework (2013) principles respectively. AdviseAsia's risk and internal audit plans to review all the major operations of the Company on a rotational basis. AdviseAsia sets audit planning yearly, and focuses on auditing business segments' operational management and operational internal control. AdviseAsia reports and makes recommendation to the Chief Executive Officer if there is material system deficiency or control weakness identified. It records the relevant results and reports to the Board and the Risk Committee respectively.

AdviseAsia presents at least one consolidated summary report to the Audit Committee, the Risk Committee and the Board annually. The consolidated summary report covers the business risk of the Company including its impact, any significant control failure or weakness identified during a specified period.

The Company establishes a holistic risk management and internal control system. It requires each business segment to modify its own risk management and internal control system based on its local business environment. The Company requires each business segment to review and evaluate the effectiveness of the system on a continuous basis to ensure its effectiveness. AdviseAsia monitors each main business segment in order to evaluate the procedures and actions of its risk management and internal control system in order to enhance the quality and effectiveness of risk control.

During the Period, no Risk Committee meeting was held.

The Risk Committee held a meeting on 28 December 2017 and, among other things, reviewed and approved the following for recommendation to the Board for its approval:

- The Risk Committee's terms of reference;
- Updates in the Group's risk management and internal control policies; and
- Risk management report by AdviseAsia.

The attendance of each Director in the capacity of a member of the Risk Committee of its meetings during the Period and up to the date of this annual report is as follows:

Name of Directors	No. of Attendance/ No. of Meeting
Dato' Arifin *(Chairman)*	1/1
Dato' Michael Teh	1/1
Tan Sri Kong	1/1
Ms. Chan	1/1
Mr. Ng	1/1

Since the Listing Date and up to the date of this annual report, the Board, through the Audit Committee and the Risk Committee, has conducted a review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance as well as risk management. The Board considers that the Group's risk management and internal control are adequate and effective. The Board expects that a review of the risk management and internal control systems will be performed annually.

CORPORATE GOVERNANCE REPORT

1.16 Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and the Company's website;
- the Group has strictly prohibited the unauthorised use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors as well as the Company Secretary and the head of investor relations of the Company are authorized to communicate with parties outside the Group.

1.17 Company Secretary

The Company Secretary supports the Chairman, the Board and the Board Committees by ensuring good information flow and that the Board policy and procedures are followed.

The Company Secretary is Mr. Kwok Siu Man ("**Mr. Kwok**"). Mr. Kwok was nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") to assume such position and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom.

The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Dato' Michael Teh, an executive Director who is also the Chief Executive Officer, or his delegates. Mr. Kwok reports to the Chairman and the Chief Executive Officer. All Directors may call upon him for advice and assistance at any time in respect of his duties.

Mr. Kwok complied with Rule 3.29 of the Listing Rules in receiving the relevant hours of CPD during the Year though he was exempted from doing so for five consecutive years from 2012 (including the first three months of the Year) owing to the fact that he was the Company Secretary of a Hong Kong Hang Seng Index Constituent stock company in 1991 and that of other reputable companies listed in Hong Kong for a substantial amount of time thereafter.

CORPORATE GOVERNANCE REPORT

1.18 Shareholders' Rights

Procedures for Putting Forward Proposals at Shareholders' Meetings

There is no provision allowing Shareholders to make proposals or move resolutions at the AGMs under the Articles of Association or the laws of the Cayman Islands. Shareholders who wish to make proposals or move a resolution may, however, convene an extraordinary general meeting ("**EGM**") in accordance with the "Procedures for Shareholders to convene an EGM" set out below.

Procedures for Shareholders to Convene an EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right of voting at general meetings of the Company ("**Eligible Shareholder(s)**") shall at all times have the right, by written requisition ("**Requisition**") to require an EGM to be called by the Board or the Company Secretary for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a Requisition signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong (presently at 31/F, 148 Electric Road, North Point, Hong Kong) for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene and EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM and/or include the proposal(s) made or the resolutions proposed by the Eligible Shareholder(s) at the EGM within 2 months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of the outcome and accordingly, the Board will neither call for an EGM nor include the proposal(s) made or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

If within 21 days of the deposit of the Requisition the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all the reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.

Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principle place of business of the Company in Hong Kong (presently at 31/F, 148 Electric Road, North Point, Hong Kong) by post or by email to info@bgmc.asia for the attention of the Company Secretary.

Upon receipt of the enquiries, the Company Secretary will forward the communications relating to:

- the matters within the Board's purview to the executive Directors;
- the matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and
- ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

CORPORATE GOVERNANCE REPORT

1.19 Communication with the Shareholders

The Company has established various and a wide range of communication channels with the Shareholders with the objective of ensuring that the Shareholders have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company. The channels include general meetings, annual reports and interim reports, notices and circulars, announcements, and all the published disclosures submitted to the Stock Exchange. In addition, the Company updates its website from time to time to provide the Shareholders with information of the Company's recent development.

General meeting is a main channel of communications between the Directors and Shareholders.

As regards the AGM, the notice of meeting, the Company's annual report and the circular containing information on the proposed resolutions will be sent to the Shareholders at least 20 clear business days prior to the date of the meeting. The chairman and members of the Audit, Remuneration, Nomination and Risk Committees will be available to answer questions from the Shareholders at the meeting. At the meeting, separate resolution will be proposed by the chairman in respect of each substantially separate issue, and voting on each resolution will be conducted by poll. The results of the poll will be posted on the respective websites of the Stock Exchange and the Company on the same day of the meeting.

For the EGM, the notice of meeting and the circular containing information on the proposed resolutions will be sent to the Shareholders at least 10 clear business days prior to the date of the meeting. The chairman of the meeting and, if applicable, members of the independent board committee will be available to answer questions from the Shareholders at the meeting. At the meeting, separate resolution will be proposed by the chairman of the meeting in respect of each substantially separate issue, and voting on each resolution will be conducted by poll. The results of the poll will be posted on the respective websites of the Stock Exchange and the Company on the same day of the meeting.

1.20 Investor Relations

The Company has been striving to maintain high transparency and communicate with the Shareholders and the investors of the Company through diversified communication channels. The Company holds press conferences and analyst briefing sessions from time to time to provide the latest business information of the Company to the investors. The website of the Company contains the latest data and information of the Group so that the Shareholders, the investors and the public can view/get the information about the Company in a timely manner. The Company's website address is www.bgmc.asia.

1.21 Constitutional Documents

Except for the amendment of the Memorandum and Articles of Association ("**M&A**") and regulatory requirement to comply with the applicable legal and regulatory requirements (including the Listing Rules) on 3 July 2017 and with effect from the Listing Date, there was no change in constitutional documents of the Company during the Year. A copy of the latest version of the Company's M&A is available on the respective websites of the Stock Exchange and the Company.

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of the Company ("**Directors**") are pleased to present the first report and the audited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the period from 18 November 2016 ("**Incorporation Date**") to 30 September 2017 ("**Year**").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries during the Year are set out in Note 26 to the consolidated financial statements.

GROUP REORGANISATION AND HONG KONG PUBLIC OFFERING

The Company was incorporated on the Incorporation Date as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) in the Cayman Islands. In preparation for the Listing, the companies now comprising the Group underwent the corporate reorganisation ("**Reorganisation**"), pursuant to which the Company became the holding company of the Group on 6 December 2016. For details of the Reorganisation, please refer to the sub-section "Reorganisation" in the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 31 July 2017 ("**Prospectus**").

The issued shares of the Company ("**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 9 August 2017 ("**Listing Date**" and "**Listing**", respectively).

BUSINESS REVIEW

A review of the business of the Group during the Year, a discussion on the Group's future business development and a description of the risks and uncertainties facing the Group are set out below and in the "Management Discussion and Analysis" ("**MD&A**") section of this annual report. The discussion and analysis of the Group's performance in the "Chairman's Statement" and the "MD&A" sections form part of the Directors' report.

The Group's financial risk management objectives and policies are set out in Note 29 to the consolidated financial statements. The MD&A section of this annual report provides a detailed analysis of the Group's financial performance during the Year using financial key performance indicators.

Details regarding the Group's compliance with the relevant laws and regulations that have a significant impact on the Group and the important events affecting the Group that have occurred since the end of the Year are set out on pages 54 and 55 of this annual report.

RISK MANAGEMENT

Under the Group's risk management and internal control framework, the risk management committee of the Company identifies major risks within each operating segment, assesses its likely impacts and evaluates the risks in order to develop effective internal control activities for mitigation of risks.

DIRECTORS' REPORT

Principal Risks

Other than the financial risk management objectives and policies which are set out in Note 29 to the consolidated financial statements, the Group is also exposed to principal risk factors including health and safety and environmental risk, labour supply risk, and Build Lease Maintain Transfer ("**BLMT**") operational risk.

Principal risks	Descriptions	Key mitigation measures
Health and safety and environmental risk	Failure to comply with our health and safety and environmental responsibilities may adversely affect our operations and profitability.	• Provide professional training to safety officers. • Incorporate the requirements under the latest Occupational Safety and Health Act ("**OSHA**"), the laws of Malaysia into BGMC Group's standard operating procedures ("**SOP**"). • Provide personal protective equipment ("**PPE**") and first-aid kit. • Conduct safety training for staff and workers. • Implement site housekeeping programs.
Labour supply risk	Construction industry is highly labour-intensive and the Group relies on a stable supply of labour to carry out our projects.	• Adopt technologies which are less labour-intensive. • Purchase plant and equipment, adopt Industrialised Building System ("**IBS**") and carry out value engineering process and thus reduce the need of labourers to construct. • Outsource labour work to more sub-contractors having their own workers. • Diversify to projects which are less labour-intensive.
BLMT operational risk	The Group may face material delay in the construction works in respect to our BLMT projects. We may be required to make good any defects or faults of the Universiti Teknologi MARA ("**UiTM**") campus assets during the asset management services period at our own expense.	• Share the Group's sub-contractors/ suppliers. • Train staff on product life cycle costing ("**LCC**"). • Maintain and monitor an LCC list.

PARTICULARS OF IMPORTANT EVENTS AFTER REPORTING PERIOD

Save as disclosed in this annual report, since 30 September 2017, being the end of the financial year under review and up to the date of this annual report, no important event has occurred affecting the Group.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

The board of Directors ("**Board**") has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Board is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met.

The Board delegates to the sustainability working group ("**SWG**") with the authority to review and monitor the Group's ESG policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the Group's ESG performance.

The SWG is comprised of the chief executive officer of the Company and certain members of the senior management of the Group. The SWG held several meetings during the Year and proposed to the Board the following environmental policies:

1. Environmental policies initiatives called "Green At Work" for energy, water, paper, diesel, hazardous and non-hazardous wastes.
2. "Green At Work" for energy and water includes displaying signages on electricity and water conservation using LED-type lightings and eco-friendly air conditioning systems at construction sites. The headquarters is using a centralized air conditioning system.
3. "Green At Work" for paper includes setting up paper recycling stations and promoting duplex printing.
4. "Green At Work" for machineries usage of diesel includes implementing machineries maintenance program under the ISO9001:2015 Quality Management System.
5. "Green At Work" for hazardous and non-hazardous wastes includes regular checking and maintenance of slope protection and siltation traps, compliance auditing of standard operating procedures and reporting at construction sites.

The details of ESG as set out in the Environmental, Social and Governance Report will be available on the websites of the Stock Exchange and the Company respectively.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has adopted risk management and internal control policies to monitor the on-going compliance with relevant laws and regulations. As far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations during the Year that have a significant impact on its business and operations.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group maintains a good relationship with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers and suppliers, without whom success in the Group's production and operation would be at risk.

CONTINGENT LIABILITIES

The Group has no contingent liabilities during the Year other than corporate guarantees for obligations under finance lease and borrowings of the Group as per set out in Notes 21 and 22 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 19 to the consolidated financial statements.

DIRECTORS' REPORT

USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were successfully listed on the Main Board of Stock Exchange on the Listing Date at HK$0.70 per share. The proceeds (net of listing expenses) were approximately RM143.1 million. In accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the net proceeds received were applied by the Group from the Listing Date up to 30 September 2017 as follows:

Use of net proceeds	Net proceeds (RM million)	Use of proceeds from the Listing Date up to 30 September 2017 (RM million)	Unused amount (RM million)	Unused amount (Percentage)
Financing for new projects	93.0	3.5	89.5	96.2%
Acquisition of additional machineries and equipment	35.8	8.2	27.6	77.1%
Working capital	14.3	14.3	-	0%
Total	143.1	26.0	117.1	81.8%

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

RESULTS AND APPROPRIATIONS

The consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 77 of this annual report and in the accompanying notes to the consolidated financial statements.

The Board has resolved to recommend the payment of a final dividend of HK1.5 cents per ordinary Share totalling HK$27 million for the Year (2016: Nil), subject to shareholders' approval in the forthcoming annual general meeting ("**AGM**") of the Company.

RESERVES

Details of movements of the Group's reserves during the Year are set out in the consolidated statement of changes in equity on page 80 of this annual report.

As at 30 September 2017, the Company had reserves amounting to approximately RM129,214,000 (2016: Nil) available for distribution as calculated based on the Company's share premium and accumulated retained profit under applicable laws in the Cayman Islands.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment totalling approximately RM32.0 million (2016: RM14.4 million). Details of the above acquisition(s) and other movements in property, plant and equipment of the Group during the Year are set out in Note 13 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and up to the date of this report are as follows:

Executive Directors:
Tan Sri Dato' Sri Goh Ming Choon ("**Tan Sri Barry Goh**") (chairman)
Dato' Mohd Arifin bin Mohd Arif ("**Dato' Arifin**") (vice-chairman)
Dato' Teh Kok Lee ("**Dato' Michael Teh**") (chief executive officer)
Ir. Azham Malik bin Mohd Hashim ("**Ir. Azham Malik**") (executive director)
(All appointed as Directors on 18 November 2016 and re-designated as executive Directors on 3 July 2017)

Independent non-executive Directors ("**INEDs**"):
Tan Sri Dato' Seri Kong Cho Ha ("**Tan Sri Kong**")
Chan May May
Ng Yuk Yeung
(All appointed as INEDs on 3 July 2017)

Pursuant to article 112 of the articles of association of the Company ("**Articles of Association**"), any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to article 108(a) of the Articles of Association, at each AGM, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Accordingly, all the Directors, namely Tan Sri Barry Goh, Dato' Arifin, Dato' Michael Teh, Ir. Azham Malik, Tan Sri Kong, Chan May May, Ng Yuk Yeung will retire from office as Directors at the forthcoming AGM. All of them are eligible and will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and the senior management of the Company are set out in the "Directors and Senior Management" section of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the Directors has entered into a service contract or an appointment letter ("**Directors' Service Contract**") with the Company for an initial fixed term of three years. None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries, which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the section headed "Group Reorganisation and Hong Kong Public Offering" in this Directors' report in relation to the Listing, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or an entity connected with him/her had a material interest, whether directly or indirectly, subsisted at the end of the Year or any time during the Year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders of the Company ("**Shareholders**") passed on 3 July 2017, the Company adopted a share option scheme conditional upon the Listing ("**Share Option Scheme**"). The Share Option Scheme became effective on the Listing Date. No share options have been granted since the Listing Date and therefore, there were no outstanding share options as at 30 September 2017 and no options were exercised or cancelled or lapse during the period from the Listing Date to 30 September 2017 ("**Period**").

The principal terms of the Share Option Scheme are set out as follows:

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established as incentives or rewards for the contributions or potential contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors of the Company (including INEDs) or any of its subsidiaries; and

(iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

DIRECTORS' REPORT

(c) Acceptance of an offer of options

An option under the Share Option Scheme ("**Option**") shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of RM1.0 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to certain exceptions, an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to certain clauses of the Share Option Scheme, the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10.0% of the total number of Shares in issue immediately following completion of the Listing being 180,000,000 Shares. As at the offer date of any proposed grant of options, the maximum number of Shares in respect of which Options may be granted is such number of Shares less the aggregate of the following Shares as at that offer date:

(i) the number of Shares which would be issued on the exercise in full of the Options or options under any other scheme but not cancelled, lapsed or exercised;

(ii) the number of Shares which have been issued and allotted pursuant to the exercise of any Options or options under any other scheme; and

(iii) the number of cancelled Shares.

The total number of Shares available for issue under the Share Option Scheme is 180,000,000 Shares, representing 10.0% of the issued Shares as at the date of this annual report.

DIRECTORS' REPORT

(e) Maximum number of Options to any one Eligible Participant

The maximum number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not, when aggregated with:

(i) any Shares issued upon exercise of Options or options under the other schemes which have been granted to that Eligible Participant;

(ii) any Shares which would be issued upon the exercise of outstanding Options or options under the other schemes granted to that Eligible Participant; and

(iii) any cancelled Shares which were the subject of Options or options under the other schemes which had been granted to and accepted by that Eligible Participant,

exceed 1% of the Shares in issue as at the date of grant.

Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares.

(f) Subscription price of Shares

Subject to any adjustments on certain circumstances, the subscription price of a Share in respect of any particular Option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

DIRECTORS' REPORT

(g) Restrictions on the times of grant of options

A grant of Options may not be made after inside information has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**"). In particular, no Options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results, interim results, quarterly results or results for other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of its annual results, interim results, quarterly results or results for other interim period (whether or not required under the Listing Rules) and where the Company has elected to publish them, any quarterly or any other interim period, and ending on the date of actual publication of the results announcement.

Where the grant of Options is to a director of the Company, notwithstanding paragraph (g) above, no Options shall be granted to the Directors:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(h) Time of exercise of Option and duration of the Share Option Scheme

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. Subject to termination, the Share Option Scheme shall be valid and effective for the scheme period after which no further Options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 September 2017, the interests of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO, as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange were as follows:

Interests in the Shares

Name of Directors	Capacity / Nature of interest	Number of Shares	Percentage of shareholding *(Note 3)*
Tan Sri Barry Goh *(Note 1)*	Interest of controlled corporation and interests held jointly with another person	1,269,000,000(L)	70.5%
Dato' Michael Teh *(Note 1)*	Interest of controlled corporation and interests held jointly with another person	1,269,000,000(L)	70.5%
Dato' Arifin *(Note 2)*	Interest of a controlled corporation	81,000,000(L)	4.5%

"L" denotes long position.

Notes:

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

*The aggregate 1,269,000,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by Prosper International Business Limited ("**Prosper International**"), which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares 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.*

2 *The entire issued share capital of Kingdom Base Holdings Limited is owned by Dato' Arifin. Therefore, Dato' Arifin is deemed to be interested in all the 81,000,000 Shares held by Kingdom Base Holdings Limited by virtue of the SFO.*

3 *These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2017.*

DIRECTORS' REPORT

Interests in the shares of the 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	100	100%

Save as disclosed above, as at 30 September 2017, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (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

So far as the Directors or the chief executive of the Company are aware of, as at 30 September 2017, 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 interest	Number of Shares held	Percentage of shareholding *(Note 2)*
Prosper International *(Note 1)*	Beneficial owner and interests held jointly with another person	1,269,000,000(L)	70.5%
Seeva International *(Note 1)*	Beneficial owner and interests held jointly with another person	1,269,000,000(L)	70.5%

"L" denotes long position.

Notes:

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

The aggregate 1,269,000,000 Shares interested by them in aggregate consist of (i) 864,000,000 Shares beneficially owned by Prosper International, which in turn is directly wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares beneficially owned by Seeva International, which in turn is directly wholly-owned by Dato' Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the Shares held or deemed to be held by Tan Sri Barry Goh and Dato' Michael Teh in aggregate by virtue of the SFO.

2 *These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2017.*

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of as at 30 September 2017, 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.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period and thereafter up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Following specific enquiries made by the Company on them, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance through its continuous effort in improving the business practices. Details about the principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 37 to 52 of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in relation thereto.

The Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company who subject to the applicable laws, will be indemnified against the costs, charges, losses, expenses and liabilities for legal action incurred by such Director or officer in the execution of his/her duties or otherwise in relation thereto.

MANAGEMENT CONTRACTS

Save for the Directors' service contract, no contract by which a person undertakes the management and administration of the whole or any substantial part of the Group's business or contracts of service with the Directors or any person engaged in the full-time employment of the Company was entered into or subsisted during the Year.

DIRECTORS' REPORT

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs an annual confirmation in writing of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers all the INEDs to be independent from the Listing Date to the date of this annual report.

DIRECTORS' REMUNERATION

The remuneration committee of the Company ("**Remuneration Committee**") determines the remuneration and other benefits of the executive Directors (including the Chief Executive Officer of the Company who is an ex-officio member of the Board), and considers and recommends to the Board the policy and structure for the remuneration paid by the Company to the Directors (including the non-executive Directors). The remuneration of all Directors is subject to monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of the Directors' remuneration and the five highest paid individuals in the Group during the Year are set out in Note 10 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed below, none of the Directors is interested in any business apart from the businesses operated by the Group which competes or is likely to compete, either directly or indirectly, with the Group's businesses during the Period and up to the date of this annual report.

DEED OF NON-COMPETITION

A deed of non-competition dated 3 July 2017 has been entered into by Tan Sri Barry Goh, Prosper International, Dato' Michael Teh and Seeva International ("**Controlling Shareholders**") in favour of the Company ("**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of the Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and would procure their respective close associates and/or companies controlled by the respective Controlling Shareholders not to, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business or activity which is or may be in competition with the business of the Group. Details of the Deed of Non-competition are set out in the sub-section headed "Non-Competition Undertakings" in the section headed "Relationship with our Controlling Shareholders" of the Prospectus.

The Company has received an annual declaration in writing from each of the Controlling Shareholders confirming that he/it had complied with the non-competition undertakings provided to the Company under the Deed of Non-competition. The INEDs have reviewed the status of compliance and enforcement of the Deed of Non-competition and confirmed that all the undertakings thereunder have been complied with since the date of the execution of the same and up to 30 September 2017.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group during the year are set out in the Note 30 to the consolidated financial statements. Certain of the related party transactions as disclosed constituted disclosable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules and the Company had complied with the relevant requirements of Chapter 14A of the Listing Rules during the Year.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transactions:

A. Non-exempt continuing connected transactions subject to reporting, announcement and independent Shareholders' approval requirements

Construction services to B&G Capital Group

The Group provided various construction services to B&G Capital Resources Berhad ("**B&G Capital**") and its subsidiaries (collectively "**B&G Capital Group**") for their construction projects in Malaysia. Such subsidiaries included B&G Superb Property Sdn. Bhd., D' Pristine Medini Sdn. Bhd. and Kingsley Hill Sdn. Bhd..

During the Year, the Company provided such construction services to the B&G Capital Group, which included but not limited to carrying out the construction works in accordance with the given specifications and building plans as well as supply of labour, materials, machineries and tools for the construction works ("**B&G Construction Services**").

During the Period and up to the date of this annual report, B&G Capital was owned as to (i) 22.6% by Dato' Danny Goh, the brother of a Controlling Shareholder, Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd, which was owned as to 95.0% by Dato' Danny Goh. Accordingly, B&G Capital is an associate of Tan Sri Barry Goh and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

On 3 July 2017, the Company entered into a master construction agreement ("**Master B&G Construction Agreement**") with B&G Capital, pursuant to which the Company will provide the B&G Construction Services to the B&G Capital Group for a term commencing from the Listing Date and up to the year ending 30 September 2019.

Transaction amounts

During the following financial years, the Group derived the following revenue from the provision of the B&G Construction Services to the B&G Capital Group:

	Transaction amounts			
	Financial year ended 30 September 2014 RM million	Financial year ended 30 September 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million
The B&G Construction Services	52.6	106.4	163.0	268.6

DIRECTORS' REPORT

Annual caps and basis of determination

The annual caps for the Master B&G Construction Agreement for the three years ending 30 September 2019 was/will be as below:

	Annual caps		
	Financial year ended 30 September 2017 RM million	Financial year ending 30 September 2018 RM million	Financial year ending 30 September 2019 RM million
The B&G Construction Services	270.0	370.0	180.0

The terms of the Master B&G Construction Agreement have been arrived at after arm's length negotiations between the Company and the B&G Capital Group, by reference to the prevailing market terms offered by other providers comparable with the Group. For the B&G Construction Services to be provided by it, the Group will compare its terms to be offered to the B&G Capital Group with at least two other similar transactions with independent third parties before entering into the relevant transaction to ensure that the provision of the B&G Construction Services will be conducted on normal and commercial terms.

In determining the annual caps, the Group also took into account (i) the remaining revenue in the amount of approximately RM423.5 million expected to be recognised by it under the existing construction projects with the B&G Capital Group scheduled to be completed by 30 September 2019; and (ii) the projected revenue in the amount of approximately RM396.5 million expected to be recognised by it for the services expected to be provided to the B&G Capital Group for its future construction projects by reference to the historical transaction amounts with the B&G Capital Group.

Given that each of the applicable percentage ratios, set out in Rule 14.07 of the Listing Rules for determining the classification of a transaction under the Listing Rules ("**Applicable Percentage Ratios**"), in respect of the B&G Construction Services under the Master B&G Construction Agreement was/was expected to be more than 5% on an annual basis and the total annual consideration was/was expected to be more than HK$10,000,000, the transactions contemplated under the Master B&G Construction Agreement are subject to the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under the Listing Rules.

B. Non-exempt continuing connected transactions subject to reporting and announcement requirements

(a) Supplies from the B&G Capital Group

The Group required supply of construction materials from Correct Lifestyle Sdn. Bhd., a subsidiary of B&G Capital for the construction projects in Malaysia. During the Year, the Company purchased various construction materials from the B&G Capital Group, which included but not limited to kitchenware, tiles, sanitary wares or other construction materials ("**Supplies**").

During the Period and up to the date of this annual report, B&G Capital was owned as to (i) 22.6% by Dato' Danny Goh, the brother of a Controlling Shareholder, Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd, which was owned as to 95.0% by Dato' Danny Goh. Accordingly, B&G Capital is an associate of Tan Sri Barry Goh and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

On 3 July 2017, the Company entered into a master supply agreement ("**Master Supply Agreement**") with B&G Capital, pursuant to which the Group will purchase the Supplies from the B&G Capital Group for a term commencing from the Listing Date and up to the year ending 30 September 2019.

DIRECTORS' REPORT

Transaction amounts

During the following financial years, the Group incurred the following amounts of purchases for the Supplies from the B&G Capital Group:

	Transaction amounts			
	Financial year ended 30 September 2014 RM million	Financial year ended 30 September 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million
The Supplies	Nil	Nil	5.5	16.5

Annual caps and basis of determination

The annual caps for the Master Supply Agreement for the three years ending 30 September 2019 was/will be as below:

	Annual caps		
	Financial year ended 30 September 2017 RM million	Financial year ending 30 September 2018 RM million	Financial year ending 30 September 2019 RM million
The Supplies	21.0	11.0	11.0

The terms of the Master Supply Agreement have been arrived at after arm's length negotiations between the Company and the B&G Capital Group, by reference to the prevailing market terms for the Supplies chargeable by other providers comparable with the B&G Capital Group. For future Supplies to be provided by the B&G Capital Group, the Group will compare the terms offered by the B&G Capital Group with at least two comparable quotations from independent third parties before entering into the relevant transaction to ensure that the purchases for the Supplies will be conducted on normal and commercial terms.

The annual caps with respect to the purchases of the Supplies have been arrived at after arm's length negotiations between our Company and the B&G Capital Group, by reference to the prevailing market price chargeable by other providers comparable with the B&G Capital Group. In determining the annual caps, the Company also took into account the fact that (i) the Group will continue to require the B&G Capital Group to supply construction materials of approximately RM33.7 million for its existing construction projects with the B&G Capital Group to be completed by 30 September 2019; and (ii) the projected amount of approximately RM9.3 million to be required by the Group from the B&G Capital Group for the Group's future construction projects based on the historical transaction amounts with the B&G Capital Group.

Given that each of the Applicable Percentage Ratios, in respect of the Supplies under the Master Supply Agreement was/was expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

(b) Sub-contracting to EXA Power

The Group sub-contracted part of its electrical works to EXA Power Sdn. Bhd. ("**EXA Power**") in relation to its construction projects in Malaysia. During the Year, the Group sub-contracted electrical works to EXA Power, which included but not limited to the supply of material, equipment, labour and tools for the complete installation of the electrical services in accordance with the relevant drawings and specifications ("**Electrical Works**").

During the Period and up to the date of this annual report, EXA Power was owned to (i) approximately 70.0% by Mr. Wong Zheng Kai, a brother-in-law of a Controlling Shareholder, Dato' Michael Teh; and (ii) approximately 30.0% by Ms. Lee Chiew Yen, a sister-in-law of Dato' Michael Teh. Due to their close relationship with Dato' Michael Teh, EXA Power was deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules.

On 3 July 2017, the Company entered into a master sub-contracting agreement ("**Master EXA Agreement**") with EXA Power, pursuant to which the Company will sub-contract the Electrical Works to EXA Power for a term commencing from the Listing Date and up to the year ending 30 September 2019.

Transaction amounts

During the following financial years, the Group incurred the following amounts of purchases for the Electrical Works provided by EXA Power:

	Transaction amounts			
	Financial year ended 30 September 2014 RM million	Financial year ended 30 September 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million
The Electrical Works	0.8	1.0	2.9	8.1

Annual caps and basis of determination

The annual caps for the Master EXA Agreement for the three years ending 30 September 2019 was/will be as below:

	Annual caps		
	Financial year ended 30 September 2017 RM million	Financial year ending 30 September 2018 RM million	Financial year ending 30 September 2019 RM million
The Electrical Works	10.0	5.5	3.0

DIRECTORS' REPORT

The terms of the Master EXA Agreement have been arrived at after arm's length negotiations between the Company and EXA Power, by reference to the prevailing market terms chargeable by other providers comparable with EXA Power. For future Electrical Works to be provided by EXA Power, the Group will compare the terms offered by EXA Power with at least two comparable quotations from independent third parties before entering into the relevant transaction to ensure that the purchases for the Electrical Works will be conducted on normal and commercial terms.

In determining the annual caps, the Company also took into account the fact that (i) the Group will continue to require EXA Power to conduct Electrical Works of approximately RM12.1 million for its existing construction projects with the B&G Capital Group, which were scheduled to be completed by 30 September 2017; and (ii) the projected amount of approximately RM6.4 million to be paid to EXA Power for its future construction projects based on the historical transaction amounts with EXA Power.

Given that each of the Applicable Percentage Ratios in respect of the Electrical Works under the Master EXA Agreement was/was expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master EXA Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM THE DIRECTORS AND INDEPENDENT AUDITOR

The independent auditor of the Company ("**Independent Auditor**") had been engaged to report on the Group's continuing connected transactions for the Year. The Independent Auditor had provided an unqualified letter to the Board containing their findings and conclusions in respect of the Group's continuing connected transactions for the Year disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the Independent Auditor's letter had been provided by the Company to the Stock Exchange pursuant to Rule 14A.57 of the Listing Rules.

The Board including the INEDs had reviewed the Group's continuing connected transactions under the Master B&G Construction Agreement, the Master Supply Agreement and the Master EXA Agreement and was of the opinion that the transactions (i) were entered into in the Group's ordinary and usual course of business; (ii) on normal commercial terms; and (iii) according to the said agreements governing them on terms that are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

MAJOR SUPPLIERS AND CUSTOMERS

The five largest suppliers of the Group accounted for less than 14.7% (2016: 34.7%) of the total purchases of the Group for the Year.

The five largest customers of the Group accounted for approximately 73.4% (2016: 65.0%) of the turnover of the Group for the Year.

During the Year, the aggregate sales attributable to the Group's largest customer and the aggregate purchases attributable to the Group's largest supplier were approximately 25.9% (2016: 23.3%) and 3.6% (2016: 10.6%) of the Group's sales and purchases respectively.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors, owns more than 5% of the number of issued Shares) had a beneficial interest in the five largest suppliers or customers of the Group for the Year.

DIRECTORS' REPORT

DONATIONS

During the Year, the Group donated approximately RM0.55 million to charity communities (2016: RM0.04 million).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

PUBLIC FLOAT

Based on the information which is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient amount of public float of at least 25% of the issued Shares from the Listing Date and up to the date of this annual report as required under the Listing Rules.

INDEPENDENT AUDITOR

The Group's consolidated financial statements for the Year have been audited by Deloitte PLT, which would retire at the forming AGM and being eligible, offers itself for re-appointment. A resolution to re-appoint Deloitte PLT as the Independent Auditor and to authorise the Directors to fix its remuneration will be proposed to the Shareholders for approval at the forthcoming AGM.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

On behalf of the Board

Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Hong Kong, 28 December 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of **BGMC INTERNATIONAL LIMITED** (the "Company") and its subsidiary companies (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 30 September 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 77 to 144.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 30 September 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. The matters were addressed in the context of our audit of the consolidated financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit address the key audit matter
Revenue and costs from construction contracts The Group recognises contract revenue and costs in profit or loss by using the percentage of completion method which is determined by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs. Significant judgement and estimation is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs. Refer to "Key Sources of Estimation Uncertainty" in Note 4 to the Consolidated Financial Statements.	Our procedures in relation to the testing of revenue and costs from construction contracts included: • Obtained the management's latest budgets for the construction contracts prepared by project directors and assessed the reasonableness of the budgets and on justifications to any changes to the budgets, and compared to actual costs incurred to determine its appropriateness. • Tested a sample of creditors' invoices and their relevant supporting documents throughout the financial year to ascertain the validity of actual cost incurred. • Recomputed the stage of completion determined by management for revenue recognition based on actual costs incurred to-date and budgeted costs. • Tested a sample of contractors' progress claims before and after reporting period to ascertain that costs are taken up in the current reporting period. • Assessed the competency of the personnel involved in the preparation and approvals over the budget setting process. • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Key Audit Matters (Continued)

Key Audit Matter	How our audit address the key audit matter
Impairment of trade receivables Impairment of trade receivables is identified as a key audit matter due to the use of significant judgement and estimates by the management on the evaluation of the recoverability of trade receivables. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments. The management also considers the creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances. As set out in Note 16 to the Consolidated Financial Statements, the carrying amount of trade receivables is RM378,874,677 and bad debts written off for the year is RM1,254,259.	Our procedures in relation to the impairment of trade receivables included: • Obtained confirmation on the balances of trade receivables by requesting and comparing to confirmations received on a sample basis. For non-replies, we have tested on a sample of sale invoices and the relevant supporting documents at year end to ascertain the validity of the trade receivables balances. • Tested aging of trade receivable balances at year end on a sample basis. • Obtained a list of long outstanding receivables and assessed the recoverability of these outstanding receivables through our discussion with management and with reference to historical credit trend of the customers. • Assessed the recoverability of the balances by comparing the outstanding amounts as at year end against subsequent settlements.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements of the Group and our auditors' report thereon.

Our opinion on the consolidated financial statements of the Group does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements of the Group, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements of the Group or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements of the Group that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The directors of the Company are also responsible for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We do not assume responsibility towards or accept liability to any other person for the content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the Group for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting the independent auditors' report is Huang Khean Yeong.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

28 December 2017
Kuala Lumpur, Malaysia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 September 2017

	Note	2017 RM	2016 RM
Revenue	5	**694,915,957**	516,879,122
Cost of sales		**(566,838,143)**	(412,617,611)
Gross profit		**128,077,814**	104,261,511
Income from concession agreement	5	**43,677,715**	44,240,090
Other income		**943,257**	230,706
Administrative and other expenses		**(75,056,689)**	(38,252,274)
Other (loss)/gain	6	**(2,494,313)**	18,692
Finance costs	7	**(18,852,357)**	(23,868,286)
Profit before tax	8	**76,295,427**	86,630,439
Income tax expense	9	**(21,172,485)**	(21,649,639)
Profit and total comprehensive income for the year		**55,122,942**	64,980,800
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**54,833,458**	62,919,122
Non-controlling interests		**289,484**	2,061,678
		55,122,942	64,980,800
Earnings per share			
Basic (sen)	11	**3.87**	4.66
Diluted (sen)	11	**3.86**	N/A

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	2017 RM	2016 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	**49,157,711**	31,158,663
Goodwill	14	**9,244,406**	9,244,406
Intangible assets	15	**18,462,961**	26,995,694
Trade receivables	16	**281,422,452**	285,723,873
Total Non-Current Assets		**358,287,530**	353,122,636
Current Assets			
Trade and other receivables, deposits and prepaid expenses	16	**190,221,253**	104,700,898
Amount owing by customers for contract works	17	**234,200,657**	134,053,951
Tax recoverable		**-**	270,561
Fixed deposits	18	**132,591,798**	40,605,075
Cash and bank balances	18	**24,056,670**	36,796,445
Total Current Assets		**581,070,378**	316,426,930
Total Assets		**939,357,908**	669,549,566
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	19	**9,862,255**	100
Reserves	20	**331,633,019**	62,919,122
Equity attributable to owners of the Company		**341,495,274**	62,919,222
Non-controlling interests		**7,454,051**	7,164,567
Total Equity		**348,949,325**	70,083,789

(Forward)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

	Note	2017 RM	2016 RM
Non-Current Liabilities			
Obligations under finance leases	21	**19,272,423**	11,449,863
Borrowings	22	**223,177,728**	240,694,810
Deferred tax liabilities	23	**8,463,083**	7,637,422
Total Non-Current Liabilities		**250,913,234**	259,782,095
Current Liabilities			
Amount owing to customers for contract works	17	**24,531,615**	23,453,638
Trade and other payables	24	**256,332,500**	218,704,857
Amount owing to directors	25	**-**	38,164,630
Obligations under finance leases	21	**12,564,077**	4,816,019
Borrowings	22	**31,617,724**	33,981,552
Tax liabilities		**14,449,433**	20,562,986
Total Current Liabilities		**339,495,349**	339,683,682
Total Liabilities		**590,408,583**	599,465,777
Total Equity and Liabilities		**939,357,908**	669,549,566

The consolidated financial statements on pages 77 to 144 were approved and authorised for issue by the board of directors on 28 December 2017 and are signed on its behalf by:

Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Dato' Teh Kok Lee
Chief Executive Officer and Executive Director

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2017

	Share capital RM	Share premium RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 October 2015	100	-	-	-	100	4,850,390	4,850,490
Profit and total comprehensive income for the year	-	-	-	62,919,122	62,919,122	2,061,678	64,980,800
Contribution from non-controlling interests	-	-	-	-	-	252,499	252,499
At 30 September 2016	100	-	-	62,919,122	62,919,222	7,164,567	70,083,789
At 1 October 2016	100	-	-	62,919,122	62,919,222	7,164,567	70,083,789
Profit and total comprehensive income for the year	-	-	-	54,833,458	54,833,458	289,484	55,122,942
Arising from Reorganisation (Notes 2 and 19(a) & (b))	(94)	-	94	-	-	-	-
Deemed contribution from equity holders (Note 20)	-	-	65,000,000	-	65,000,000	-	65,000,000
Issue of shares in connection with Global Offering (Note 19(e))	2,465,564	170,123,881	-	-	172,589,445	-	172,589,445
Share issue expenses (Note 19(e))	-	(13,846,851)	-	-	(13,846,851)	-	(13,846,851)
Capitalisation issue (Notes 19(d) & (e))	7,396,685	(7,396,685)	-	-	-	-	-
At 30 September 2017	9,862,255	148,880,345	65,000,094	117,752,580	341,495,274	7,454,051	348,949,325

The accompanying Notes form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017 RM	2016 RM
OPERATING ACTIVITIES		
Profit before tax	**76,295,427**	86,630,439
Adjustments for:		
Finance costs	**18,852,357**	23,868,286
Amortisation of intangible assets	**8,532,733**	8,152,277
Depreciation of property, plant and equipment	**8,004,817**	5,144,361
Loss/(Gain) on disposal of property, plant and equipment	**1,495,388**	(18,692)
Bad debts written off	**1,254,259**	-
Unrealised foreign exchange loss	**992,785**	-
Imputed interest income from trade receivables	**(43,677,715)**	(44,240,090)
Interest income from bank deposits	**(861,380)**	(200,594)
Operating Cash Flows Before Movements In Working Capital	**70,888,671**	79,335,987
Increase in trade and other receivables, deposits and prepaid expenses	**(41,014,794)**	(189,255,838)
(Increase)/Decrease in amounts owing from customers for contract works	**(100,147,706)**	228,596,842
Increase in trade and other payables	**56,389,512**	79,942,466
Increase/(Decrease) in amounts owing to customers for contract works	**1,077,977**	(43,044,091)
Net Cash (Used In)/Generated From Operations	**(12,805,340)**	155,575,366
Income tax paid	**(26,189,816)**	(6,499,556)
Net Cash (Used In)/From Operating Activities	**(38,995,156)**	149,075,810

(Forward)

CONSOLIDATED STATEMENT OF CASH FLOWS

	2017 RM	2016 RM
INVESTING ACTIVITIES		
Interest received	**861,380**	200,594
Purchase of property, plant and equipment	**(7,045,569)**	(3,254,666)
Proceed from disposal of property, plant and equipment	**4,526,000**	40,000
Advances to related parties	**-**	(51,945,755)
Repayment from related parties	**2,219,316**	60,877,748
Placement of restricted bank balances	**(20,606,180)**	(7,997,240)
Withdrawal of restricted bank balances	**19,186,578**	6,880,008
Placement of fixed deposits	**(12,032,505)**	(3,269,370)
Net Cash (Used In)/From Investing Activities	**(12,890,980)**	1,531,319
FINANCING ACTIVITIES		
Interest paid	**(18,852,357)**	(23,868,286)
New borrowings raised	**-**	27,166,338
Repayment of borrowings	**(24,041,671)**	(56,376,963)
Repayment of obligations under finance leases	**(9,409,066)**	(5,842,742)
Increase/(Decrease) in bank overdrafts	**4,160,761**	(10,644,435)
Advances from related parties	**-**	12,015,543
Repayment to related parties	**(3,036,820)**	(15,609,122)
Advances from directors	**44,886,100**	7,209,900
Repayment to directors	**(18,050,730)**	(16,455,680)
Contribution from non-controlling interest	**-**	252,499
Proceeds from Global Offering	**172,589,445**	-
Payment of share issue expenses	**(29,571,900)**	-
Net Cash From/(Used In) Financing Activities	**118,673,762**	(82,152,948)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**66,787,626**	68,454,181
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**70,766,819**	2,312,638
Effect of foreign exchange rates	**(992,785)**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**136,561,660**	70,766,819

(Forward)

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents at end of year are determined as follows:

	2017 RM	2016 RM
Cash and bank balances	**24,056,670**	36,796,445
Fixed deposits	**132,591,798**	40,605,075
Less: Restricted bank balances	**(2,536,834)**	(1,117,232)
Pledged fixed deposits	**(7,249,974)**	(4,515,332)
Restricted fixed deposits	**(10,300,000)**	-
Fixed deposits with maturity period more than three months	**-**	(1,002,137)
	136,561,660	70,766,819

Purchases of property, plant and equipment during the year have been financed as follows:

	RM	RM
By cash	**7,045,569**	3,254,666
By hire purchase arrangements	**21,315,684**	11,156,086
By sales and leaseback arrangements	**3,664,000**	-
	32,025,253	14,410,752

The accompanying Notes form an integral part of the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

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 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 P.O. Box 1350, Clifton House, 75 Fort Street, 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. The principal activities and other particulars of the subsidiary companies are set out in Note 26.

The consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), which is also the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the financial year ended 30 September 2017 have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the financial year ended 30 September 2016 and 2017, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statements of financial position of the Group as at 30 September 2016 and 30 September 2017 present the assets and liabilities of the companies comprising the Group which had been incorporated on those dates and as if the current group structure had been in existence as at those dates.

For the purpose of preparing and presenting the consolidated financial statements for the year, the Group has consistently applied all new and revised International Financial Reporting Standards, International Accounting Standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standards Board ("IASB") which are effective for annual accounting periods beginning on or after 1 October 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[3]
Clarification to IFRS 15	Revenues from Contracts with Customers[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to IAS 40	Transfers of Investment Property[2]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014 - 2016 Cycle[1 or 2]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2021
5 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and revised IFRSs will have no material impact on the results and the financial position of the Group except as listed below.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IFRS 9 Financial Instruments (Continued)

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected credit loss model in relation to the Group's financial assets measured at amortised costs, the directors of the Company anticipate that the adoption of IFRS 9 in the future may not have any other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 30 September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Under IFRS 15, revenue is recognised over time or at a point in time while under IAS 11 contract revenue is recognised by reference to the stage of completion. The directors of the Company expect that revenue will continue to be recognised as the contract process, broadly similar to the method under IAS 11.

However, revenue recognition will be significantly delayed if it cannot be established that performance obligations are satisfied over time. In addition, contract modifications will be required to be approved before revenue is recognised. The new requirement may result in revenue from contract modification to be recognised later than it would have been under IAS 11.

The directors of the Company anticipate that the application of IFRS 15 in the future may affect the timing of recognition of amounts reported and the disclosures made in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 September 2017, the Group has operating lease commitments of RM1,382,863 as disclosed in Note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-to-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RM110,522 as at 30 September 2017 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurements, presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary company begins when the Group obtains control over the subsidiary company and ceases when the Group loses control over the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of a subsidiary company to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interest in existing subsidiary company

Changes in the Group ownership interest in subsidiary company that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interests and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary company (reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investments retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial a recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement", or, when applicable, the cost on initial recognition of an investment in an associate of a joint venture.

Business combinations

Acquisition of subsidiary companies and businesses are accounted for using acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised) are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 "Share-based Payment"; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held equity interest in the acquire (if any) ever the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire and the fair value of the acquirer's previously held equity interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Non-controlling interests that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for as business combination is recognised by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see the accounting policy above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment in subsidiary companies

The investment in subsidiary companies are stated at cost less accumulated impairment loss, if any.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or a cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, fixed deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Building maintenance service, and supply and installation of elevators income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statement of financial position under "trade and other payables". Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under "trade and other receivables, deposits and prepaid expenses".

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Group as lessor</u>

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

<u>The Group as lessee</u>

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Gains on sale and leaseback transactions resulting in finance leases are deferred and amortised over the lease term on a straight-line basis, while losses are recognised immediately in the profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state-managed retirement benefit schemes and the Employees Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities at the end of reporting period and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets, if any, is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Construction contracts

The Group recognises contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised.

Construction revenue and construction costs for the year amounted to RM684,091,273 (2016: RM508,062,589) and RM555,519,365 (2016: RM406,261,713), respectively.

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issued based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the consolidated statement of profit or loss and other comprehensive income, income tax and deferred tax provision in the period in which such determination is made. As at 30 September 2017, the Group has tax liability of RM14,449,433 (2016: RM20,562,986) and deferred tax liabilities of RM8,463,083 (2016: RM7,637,422).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 September 2017, the carrying amount of goodwill is RM9,244,406 (2016: RM9,244,406). Details of the recoverable amount calculation are disclosed in Note 14.

Impairment of trade receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments. The management also considers the creditworthiness, the past collection history of each customer, ageing analysis and subsequent settlement of individual balances.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the end of the reporting period for receivables are disclosed in Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION

(a) Revenue

	2017 RM	2016 RM
Construction contract revenue	**684,091,273**	508,062,589
Supply and installation of elevators	**306,493**	23,000
Building maintenance service income	**10,518,191**	8,793,533
	694,915,957	516,879,122

(b) Income from a concession agreement

	2017 RM	2016 RM
Income from concession agreement - imputed interest income	**43,677,715**	44,240,090

KAS Engineering Sdn. Bhd. ("KAS Engineering"), which became a wholly-owned subsidiary of BGMC Builder on 28 September 2015, entered into a concession agreement on 14 March 2012 with Universiti Teknologi Mara ("UiTM") and the Government of Malaysia (the "Government") as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the financing, planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of a UiTM campus in Dengkil, Malaysia and to carry out the property management services in relation to the maintenance of the facilities and infrastructure.

This concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works commencing immediately from the date when the construction and related infrastructure works were accepted by UiTM and ending on the 23rd anniversary of the commencement date (the "Maintenance Period"). The maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Maintenance Period (the "Repayment Period"). Upon expiry of the Maintenance Period, the Group is required to handover the facilities and infrastructure at no cost to UiTM in a well-maintained and operational condition.

UiTM will pay the Group throughout the Maintenance Period (i) equal monthly concession charges for the enjoyment of the availability of the facilities which were provided by KAS Engineering over the initial 3 years of construction works ("Availability Charges"); and (ii) monthly infrastructure and maintenance charges for the provision of maintenance works to be provided by KAS Engineering in accordance with the provisions of the concession agreements. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The construction of the facilities and infrastructures of the university campus were completed on 25 September 2015 and accepted by UiTM on 25 November 2015 which represents the commencement of the Maintenance Period of the facilities and infrastructure. Upon acceptance by UiTM, the balance previously recognised as amounts due from customers for contract works was reclassified to trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

(b) Income from a concession agreement (Continued)

The financial asset arising from the above concession agreements, which represents the fair value of the consideration receivable for the construction services delivered during the construction, amounted to RM286,617,093 (2016: RM290,538,743) as at 30 September 2017, and is included as trade receivables as disclosed in Note 16. Such receivable is settled by equal monthly Availability Charges over the Repayment Period. Since the KAS Engineering's entitlement to receive the Availability Charges resulted from construction work provided by KAS Engineering, as well as the provision of finance in respect of such work over the Repayment Period, the related trade receivable was discounted over the Repayment Period using an effective interest rate of 15.1% (2016: 15.1%) per annum. The imputed interest income recognised for the year ended 30 September 2017 amounted to RM43,677,715 (2016: RM44,240,090).

All rights, interest and title limited to the Availability Charges, any amount payable by the Government of Malaysia, and reimbursement of costs by UiTM under the aforesaid concession agreement are assigned to a financial institution to secure a term loan facility granted to KAS Engineering as disclosed in Note 22.

(c) Segment information

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

Specifically, 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 transmission and distribution - provision of construction services in energy transmission and distribution works;

(iii) Mechanical and electrical - provision of construction services in mechanical and electrical installation works;

(iv) Earthworks 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 and installation of elevators) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under "Others" segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment:

Segment revenue

As at 30 September 2017

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
SEGMENT REVENUE									
External revenue	**530,017,012**	**56,232,321**	**37,549,106**	**60,292,834**	**54,195,906**	**306,493**	**738,593,672**	**-**	**738,593,672**
Inter-segment revenue	**-**	**-**	**15,876,658**	**-**	**-**	**7,066,271**	**22,942,929**	**(22,942,929)**	**-**
Total	**530,017,012**	**56,232,321**	**53,425,764**	**60,292,834**	**54,195,906**	**7,372,764**	**761,536,601**	**(22,942,929)**	**738,593,672**
RESULTS									
Segment results	**52,357,624**	**4,929,868**	**4,913,845**	**5,814,863**	**47,051,188**	**(590,103)**	**114,477,285**	**-**	**114,477,285**
Unallocated corporate income less expenses									**(35,687,545)**
Other loss									**(2,494,313)**
Profit before tax									**76,295,427**

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenue (Continued)

As at 30 September 2016

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
SEGMENT REVENUE									
External revenue	371,294,816	23,248,170	18,461,878	95,057,724	53,033,624	23,000	561,119,212	-	561,119,212
Inter-segment revenue	-	-	5,846,297	-	-	4,264,240	10,110,537	(10,110,537)	-
Total	371,294,816	23,248,170	24,308,175	95,057,724	53,033,624	4,287,240	571,229,749	(10,110,537)	561,119,212
RESULTS									
Segment results	50,801,995	3,005,003	4,547,171	917,370	26,807,567	323,718	86,402,824	-	86,402,824
Unallocated corporate income less expenses									208,923
Other gain									18,692
Profit before tax									86,630,439

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenue (Continued)

External segment revenue includes revenue and income from a concession agreement 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 gain, and income tax expenses. This is 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:

	2017 RM	2016 RM
Total segment revenue	**761,536,601**	571,229,749
Less: Inter-segment revenue	**(22,942,929)**	(10,110,537)
Less: Income from a concession agreement	**(43,677,715)**	(44,240,090)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**694,915,957**	516,879,122

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Segment assets and liabilities

As at 30 September 2017

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
Segment assets	455,334,782	48,308,886	35,648,352	69,471,573	314,142,348	4,635,728	927,541,669	(47,557,703)	879,983,966
Unallocated corporate assets									59,373,942
Total assets									939,357,908
Segment liabilities	228,476,931	24,240,332	21,780,663	55,924,733	265,021,658	4,325,375	599,769,692	(41,137,317)	558,632,375
Unallocated corporate liabilities									8,863,692
Tax liabilities									14,449,433
Deferred tax liabilities									8,463,083
Total liabilities									590,408,583

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

As at 30 September 2016

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
Segment assets	283,070,713	17,223,878	18,650,947	63,746,559	327,423,574	1,468,019	711,583,690	(44,473,665)	667,110,025
Unallocated corporate assets									2,168,980
Tax recoverable									270,561
Total assets									669,549,566
Segment liabilities	175,479,382	10,379,831	7,947,623	52,497,436	300,970,883	1,274,426	548,549,581	(42,319,112)	506,230,469
Unallocated corporate liabilities									24,034,900
Consideration payable in respect of acquisition of business									41,000,000
Tax liabilities									20,562,986
Deferred tax liabilities									7,637,422
Total liabilities									599,465,777

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to reportable segments other than unallocated corporate assets, deferred tax assets and tax recoverable; and
- All liabilities are allocated to reported segments other than unallocated corporate liabilities, consideration payable, tax liabilities and deferred tax liabilities.

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Other entity-wide segment information

As at 30 September 2017

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks 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	**25,476,373**	**2,702,924**	**67,330**	**3,761,550**	**6,226**	**10,850**	**-**	**32,025,253**
Amortisation of intangible assets	**5,841,123**	**619,716**	**620,330**	**976,225**	**475,339**	**-**	**-**	**8,532,733**
Depreciation of property, plant and equipment	**5,416,112**	**574,624**	**103,381**	**1,715,118**	**195,115**	**467**	**-**	**8,004,817**
Gain/(Loss) on disposal of property, plant and equipment	**59,999**	**-**	**-**	**(1,555,387)**	**-**	**-**	**-**	**(1,495,388)**

As at 30 September 2016

	Building and structures RM	Energy transmission and distribution RM	Mechanical and electrical RM	Earthworks 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	11,285,854	688,636	86,870	1,428,425	920,967	-	-	14,410,752
Amortisation of intangible assets	4,636,433	274,251	407,944	2,358,310	475,339	-	-	8,152,277
Depreciation of property, plant and equipment	2,864,654	174,794	98,929	1,864,998	140,986	-	-	5,144,361
Gain on disposal of property, plant and equipment	17,617	1,075	-	-	-	-	-	18,692

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENTAL INFORMATION (CONTINUED)

Geographical information

No geographical segment information is presented as the Group's revenue is all derived from Malaysia based on the location of trading and services delivered and the Group's non-current assets are located in Malaysia by physical location of assets.

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the year is as follows:

	2017 RM	2016 RM
Customer A[1]	**180,170,592**	82,352,043
Customer B[1]	**106,600,047**	119,645,338
Customer C[1]	**98,157,463**	-
Customer D[1]	**81,422,131**	61,856,861

1 These customers are from the building and structures segment.

6. OTHER (LOSS)/GAIN

	2017 RM	2016 RM
(Loss)/Gain on disposal of property, plant and equipment	**(1,495,388)**	18,692
Realised loss on foreign exchange	**(6,140)**	-
Unrealised loss on foreign exchange	**(992,785)**	-
	(2,494,313)	18,692

7. FINANCE COSTS

	2017 RM	2016 RM
Interest on borrowings	**17,092,742**	22,876,800
Interest on obligations under finance leases	**1,608,297**	786,170
Bank guarantee fees	**151,318**	205,316
	18,852,357	23,868,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. PROFIT BEFORE TAX AND STAFF COSTS

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

	2017 RM	2016 RM
Listing expenses (included in administrative and other expenses)	**15,725,049**	2,187,474
Amortisation of intangible assets	**8,532,733**	8,152,277
Depreciation of property, plant and equipment	**8,004,817**	5,144,361
Bad debts written off	**1,254,259**	-
Minimum lease payments paid under operating leases in respect of official premises	**625,846**	359,589
Auditors' remuneration - statutory audit	**440,000**	218,000
Imputed interest income from trade receivables	**(43,677,715)**	(44,240,090)
Interest income from bank deposits	**(861,380)**	(200,594)
Minimum lease payments received under operating leases from leasing of properties less outgoings	**-**	(23,805)
Staff costs	**28,752,230**	19,547,050
Directors' emoluments	**1,139,265**	465,160
Total staff costs	**29,891,495**	20,012,210

Staff costs include salaries and contributions to the Employee Provident Fund ("EPF") in Malaysia and all other staff related expenses. Contributions to EPF for staff by the Group for the year ended 30 September 2017 amounted to RM2,950,480 (2016: RM2,209,667).

9. INCOME TAX EXPENSE

	2017 RM	2016 RM
Malaysia Corporate Income Tax:		
Current year	**18,183,388**	16,227,580
Underprovision in prior years	**2,163,436**	-
	20,346,824	16,227,580
Deferred tax (Note 23)		
Current year	**7,017,820**	5,422,059
Overprovision in prior year	**(6,192,159)**	-
	825,661	5,422,059
	21,172,485	21,649,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE (CONTINUED)

Income tax expenses for the year can be reconciled to the profit before tax as follows:

	2017 RM	2016 RM
Profit before tax	**76,295,427**	86,630,439
Statutory tax rate in Malaysia	**20% - 24%**	24%
Tax at applicable statutory tax rate	**18,310,902**	20,791,305
Tax effects of:		
Expenses not deductible for tax purposes	**6,943,168**	1,000,622
Income not taxable for tax purposes	**(2,300)**	(2,233)
Overprovision in prior year	**(4,028,723)**	-
Others	**(50,562)**	(140,055)
	21,172,485	21,649,639

Malaysia corporate income tax is calculated at the statutory tax rate on the estimated assessable profits for each of the assessable year.

The Finance Act, 2017, which was gazette on 16 January 2017, enacts the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect from years of assessment 2017 and 2018:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in income tax rate %	Reduced income tax rate on increase in chargeable income %
Less than 5%	Nil	24
5% - 9.99%	1	23
10% - 14.99%	2	22
15% - 19.99%	3	21
20% and above	4	20

Deferred tax is recognised based on the tax rates that are expected to apply in the period in the when the assets are realised or liabilities settled. Details of deferred tax are set out in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

For the year ended 30 September 2017

	Directors' fees RM	Basic salaries, allowances and benefits in kind RM	Bonus (Note a) RM	Contribution to defined contribution plan RM	Total RM
Executive Directors					
Tan Sri Dato' Sri Goh Ming Choon	-	76,000	-	-	76,000
Dato' Teh Kok Lee (Note b)	-	322,000	125,000	48,000	495,000
Dato' Mohd Arifin bin Mohd Arif	-	324,000	75,000	42,000	441,000
Ir. Azham Malik bin Mohd Hashim	-	65,000	-	3,575	68,575
	-	787,000	200,000	93,575	1,080,575
Non-executive Directors					
Tan Sri Dato' Seri Kong Cho Ha	19,563	-	-	-	19,563
Chan May May	19,563	-	-	-	19,563
Ng Yuk Yeung	19,564	-	-	-	19,564
	58,690	-	-	-	58,690
	58,690	787,000	200,000	93,575	1,139,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors and chief executive (Continued)

For the year ended 30 September 2016

	Directors' fees RM	Basic salaries, allowances and benefits in kind RM	Bonus (Note I) RM	Contribution to defined contribution plan RM	Total RM
Executive Directors					
Tan Sri Dato' Sri Goh Ming Choon	-	-	-	-	-
Dato' Teh Kok Lee (Note II)	-	285,000	100,000	46,260	431,260
Dato' Mohd Arifin bin Mohd Arif	-	-	-	-	-
Ir. Azham Malik bin Mohd Hashim	-	30,000	-	3,900	33,900
	-	315,000	100,000	50,160	465,160

Notes:

(a) Bonus are determined based on the results of the Group and/or performance of directors.
(b) Dato' Teh Kok Lee is the chief executive officer of the Group, and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

Tan Sri Dato' Sri Goh Ming Choon, Dato' Teh Kok Lee, Dato' Mohd Arifin bin Mohd Arif and Ir. Azham Malik bin Mohd Hashim were appointed as directors of the Company on 14 November 2016.

Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung were appointed as non-executive directors of the Company on 3 July 2017.

The executive directors' emoluments shown were mainly for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors' emoluments were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees

The five highest paid employee of the Group during the year included two (2016: one) existing director, details of whose emoluments are set out above. Details of the emoluments of the remaining three (2016: four) highest paid employees who are neither an existing director nor chief executive of the Company for the year ended 30 September 2017 and 30 September 2016 are as follows:

	2017 RM	2016 RM
Basic salaries, allowances and benefits in kind	**649,500**	843,000
Bonus	**253,500**	230,000
Contribution to defined contribution plan	**108,684**	134,300
	1,011,684	1,207,300

The number of the highest paid employees fell within the following bands as follows:

	2017	2016
Nil to HK$1,000,000 (RM540,000)	**5**	5

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

11. EARNINGS PER SHARE

	2017	2016
Basic (sen)	**3.87**	4.66
Diluted (sen)	**3.86**	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. EARNINGS PER SHARE (CONTINUED)

Basic

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

	2017 RM	2016 RM
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**54,833,458**	62,919,122

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share:		
At beginning of year	**1,350,000,000**	1,350,000,000
Effect of issue of new shares	**65,342,466**	-
At end of year	**1,415,342,466**	1,350,000,000

The weighted average number of ordinary shares in issue during the year ended 30 September 2016 was based on the assumption that 1,350,000,000 shares of the Company were in issue, comprising 1,000 shares in issue and 1,349,999,000 shares issued pursuant to the capitalisation issue had been effective from 2 July 2015 (date of incorporation of BGMC Builder) to the end of the year.

The weighted average number of ordinary shares in issue during the year ended 30 September 2017 further taken into consideration the 450,000,000 shares issued under the Global Offering on 9 August 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. EARNINGS PER SHARE (CONTINUED)

Fully Diluted

The diluted earnings per share has been calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the over-allotment of shares adjusted by the number of such shares that would have been issued at fair value as follows:

	2017 **RM**	**2016** **RM**
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**54,833,458**	62,919,122

	Number of shares	**Number of shares**
Weighted average number of ordinary shares	**1,415,342,466**	1,350,000,000
Effect of dilution:		
Over-allotment of shares	**5,547,945**	-
Adjusted weighted average number of ordinary shares	**1,420,890,411**	1,350,000,000

12. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation to the end of the reporting period.

On 28 December 2017, the Board has resolved to recommend a final dividend of HK$0.015 per share totalling HK$27,000,000, subject to shareholders' approval in the forthcoming Annual General Meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings RM	Computers and software RM	Machinery and site equipment RM	Motor vehicles RM	Office equipment RM	Total RM
Cost						
At 1 October 2015	11,711	312,930	16,953,525	4,461,595	173,819	21,913,580
Additions	43,643	424,710	11,537,355	2,222,460	182,584	14,410,752
Disposals	-	-	-	(213,080)	-	(213,080)
At 30 September 2016/ 1 October 2016	55,354	737,640	28,490,880	6,470,975	356,403	36,111,252
Additions	6,226	487,267	31,459,760	72,000	-	32,025,253
Disposals	-	-	(9,880,000)	(214,200)	-	(10,094,200)
At 30 September 2017	61,580	1,224,907	50,070,640	6,328,775	356,403	58,042,305
Accumulated depreciation						
At 1 October 2015	-	-	-	-	-	-
Additions	8,746	150,969	3,188,232	1,718,516	77,898	5,144,361
Disposals	-	-	-	(191,772)	-	(191,772)
At 30 September 2016/ 1 October 2016	8,746	150,969	3,188,232	1,526,744	77,898	4,952,589
Additions	11,704	330,511	5,895,465	1,714,067	53,070	8,004,817
Disposals	-	-	(3,860,666)	(212,146)	-	(4,072,812)
At 30 September 2017	20,450	481,480	5,223,031	3,028,665	130,968	8,884,594
Carrying values						
At 30 September 2017	41,130	743,427	44,847,609	3,300,110	225,435	49,157,711
At 30 September 2016	46,608	586,671	25,302,648	4,944,231	278,505	31,158,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fittings	10% - 20%
Computer and software	20% - 33%
Machinery and site equipment	10% - 20%
Motor vehicles	20%
Office equipment	20%

The carrying amount of property, plant and equipment of the Group held under finance leases as at 30 September 2017 is approximately RM35,864,000 (2016: RM27,881,000) and sales and leaseback arrangement are approximately RM3,527,000 (2016: RMNil).

14. GOODWILL

	2017 RM	**2016 RM**
At beginning and end of year	**9,244,406**	9,244,406

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

	2017 RM	**2016 RM**
BGMC Corporation Sdn. Bhd.	**6,911,916**	6,911,916
Built-Master Elevator Engineering Sdn. Bhd.	**49,130**	49,130
Built-Master Engineering Sdn. Bhd.	**1,261,353**	1,261,353
Headway Construction Sdn. Bhd.	**1,022,007**	1,022,007
	9,244,406	9,244,406

As at 30 September 2017, management carried out a review of the recoverable amounts of goodwill. The review did not give rise to any impairment losses.

The recoverable amounts of the CGU's have been determined on the basis of value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a 2 year period (2016: 3 year period). The cash flows from the third to fifth year period (2016: forth to fifth year period) are extrapolated using a constant growth rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. GOODWILL (CONTINUED)

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

	2017		2016	
	Growth rate for cash flows between third and fifth years	Discount rates applied	Growth rate for cash flows between fourth and fifth years	Discount rates applied
CGUs				
BGMC Corporation Sdn. Bhd.	**3%**	**12.6%**	3%	15.4%
Built-Master Elevator Engineering Sdn. Bhd.	**3%**	**12.6%**	3%	15.4%
Built-Master Engineering Sdn. Bhd.	**3%**	**12.6%**	3%	15.4%
Headway Construction Sdn. Bhd.	**3%**	**12.6%**	3%	15.5%

(a) Growth rate

The growth rates are 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. The CGUs' cash flows beyond the 2 year period (2016: 3 year period) are extrapolated using a constant 3% (2016: 3%) rate.

(b) Discount rates

The discount rates used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.

Sensitivity to changes in assumptions

The directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying amount of the goodwill to materially exceed its recoverable amount.

15. INTANGIBLE ASSETS

	2017 RM	2016 RM
At beginning of year	**26,995,694**	35,147,971
Amortisation	**(8,532,733)**	(8,152,277)
At end of year	**18,462,961**	26,995,694

The Group's intangible assets, which arose from acquisition of subsidiaries, have finite useful lives, consisting of the following:

(i) Rights on construction contract amounting to RM9,906,862 (2016: RM17,964,256) represents right on the unbilled portion of construction contracts secured when BGMC Builder acquired its subsidiary companies in previous year and are billable upon completion of the construction work in subsequent years. The amortisation period ranges from 4 to 5 years as determined based on the progress to complete the construction work.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS (CONTINUED)

The Group's intangible assets, which arose from acquisition of subsidiaries, have finite useful lives, consisting of the following: (Continued)

(ii) Rights to management service income amounting to RM8,556,099 (2016: RM9,031,438) represents right to receive management service income from a concession agreement to carrying out the property management services on a university. The amortisation period is 20 years.

16. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2017 RM	2016 RM
Trade receivables:		
Third parties	**350,018,810**	327,520,556
Related parties	**28,855,867**	7,221,848
	378,874,677	334,742,404
Retention receivables:		
Third parties	**36,661,593**	20,276,588
Related parties	**32,048,501**	18,815,921
	68,710,094	39,092,509
Other receivables:		
Third parties	**13,576,757**	5,650,650
Related parties	**5,491**	2,224,807
	13,582,248	7,875,457
Refundable deposits	**5,645,381**	3,956,773
Prepaid expenses	**3,393,996**	3,033,166
Deferred listing expenses	**-**	722,056
Goods and services tax receivable	**1,437,309**	1,002,406
	471,643,705	390,424,771
Analysed for reporting purposes as:		
Current assets	**190,221,253**	104,700,898
Non-current assets	**281,422,452**	285,723,873
	471,643,705	390,424,771

Note: Included in trade receivables from third parties are receivables arising from a concession agreement amounted to RM286,617,093 (2016: RM290,538,743) as at 30 September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

Related parties refer to companies in which certain directors of the Company or siblings of certain directors are also directors and have control.

Amounts owing by related parties included under trade receivables and retention receivables are unsecured and interest-free.

The credit period granted for progress billings of the Group ranges from 30 to 60 days (2016: 30 to 60 days). No interest is charged on trade receivables. Impairment losses are recognised against receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. During the year, the Group written off trade receivables amounting to RM1,254,259 (2016: RMNil) as bad debts.

The credit period on retention receivables is 24 months (2016: 24 months) after completion of construction.

Details of trade receivable arising from the concession agreement with the Government of Malaysia and UiTM are set out in Note 5(b).

Amounts owing by related parties included under other receivables which arose mainly from expenses paid by the Group on behalf of related parties, are unsecured, interest-free and are repayable on demand.

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

	2017 **RM**	**2016** **RM**
0 - 30 days	**56,386,639**	28,000,089
31 - 90 days	**18,531,742**	3,240,038
Over 90 days	**17,339,203**	12,963,534
	92,257,584	44,203,661

The Group has trade receivables as at 30 September 2017 amounting to RM35,870,945 (2016: RM16,203,572), that are past due at the end of the reporting period but against which the Group has not recognised an allowance for doubtful debts as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

The table below is an analysis of trade receivables that are past due but not impaired at the end of the reporting period:

	2017 RM	2016 RM
Overdue:		
1 - 30 days	**17,155,428**	1,194,748
31 - 60 days	**1,376,314**	2,045,290
61 - 90 days	**5,650,426**	2,934,634
Over 90 days	**11,688,777**	10,028,900
	35,870,945	16,203,572

17. AMOUNTS OWING BY (TO) CUSTOMERS FOR CONTRACT WORKS

	2017 RM	2016 RM
Contract costs incurred to date	**1,936,211,121**	1,343,488,373
Recognised profits net of recognised losses	**296,364,541**	179,781,018
	2,232,575,662	1,523,269,391
Less: Progress billings received and receivable	**(2,022,906,620)**	(1,412,669,078)
	209,669,042	110,600,313
Analysed for reporting purposes as:		
Amounts owing by customers for contract works	**234,200,657**	134,053,951
Amounts owing to customers for contract works	**(24,531,615)**	(23,453,638)
	209,669,042	110,600,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. FIXED DEPOSITS/CASH AND BANK BALANCES

	2017 RM	2016 RM
Cash and bank balances:		
Hong Kong Dollar	**569,000**	-
United States Dollar	**392,990**	-
Ringgit Malaysia	**23,094,680**	36,796,445
	24,056,670	36,796,445
Fixed deposits with licensed banks:		
Hong Kong Dollar	**50,813,401**	-
Ringgit Malaysia	**81,778,397**	40,605,075
	132,591,798	40,605,075
	156,648,468	77,401,520

As at 30 September 2017, fixed deposits carry interest at rates ranging from 0.05% to 3.80% (2016: 2.75% to 3.30%) per annum, with maturity period ranging from 30 to 365 days (2016: 30 to 365 days). Included in fixed deposits are pledged fixed deposits for borrowings of RM7,249,974 (2016: RM4,515,332) as at 30 September 2017 and restricted fixed deposits of RM10,300,000 (2016: RMNil) as at 30 September 2017.

Included in cash and bank balances are restricted bank balances of RM2,536,834 (2016: RM1,117,232) as at 30 September 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE CAPITAL

The share capital as at 30 September 2017 represents the share capital of the Company following completion of the Reorganisation on 6 December 2016 with details as follows:

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

Note:

(a) On 18 November 2016, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital of HK$300,000 comprising 30,000,000 ordinary shares of HK$0.01 each and paid up share capital of HK$1 (equivalent to RM1) comprising 100 ordinary shares of HK$0.01 each by way of issuance 64, 30 and 6 ordinary shares to Prosper International Business Limited ("Prosper"), Seeva International Limited ("Seeva") and Kingdom Base Limited ("Kingdom"), respectively. The shareholders of the Company are companies incorporated in the British Virgin Islands, which are wholly-owned by the Controlling Shareholders.

(b) Pursuant to the Reorganisation on 6 December 2016, the issued and fully paid-up capital of the Company was increased from HK$1 (equivalent to RM1) comprising 100 ordinary shares of HK$0.01 each, to HK$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK$0.01 each by way of issuance of 576, 270 and 54 new ordinary shares to Prosper, Seeva, Kingdom, respectively, in exchange for shares owned by the Controlling Shareholders in BGMC Builder for the purpose of interspersing between BGMC Builder and the Controlling Shareholders as disclosed in Note 2.

(c) On 3 July 2017, pursuant to the written resolution of shareholders of the Company, the authorised share capital was increased to HK$50,000,000 divided into 5,000,000,000 ordinary shares of a par value of HK$0.01 each.

19. SHARE CAPITAL (CONTINUED)

Note: (Continued)

(d) Pursuant to a written resolution passed on 20 July 2017, the allotted and issued share capital of the Company was increased from HK$10 (equivalent to RM6) comprising 1,000 ordinary shares of HK$0.01 each, to HK$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares by way of issuance of 863,999,360, 404,999,700 and 80,999,940 new ordinary shares of HK$0.01 each amounting in total to HK$13,499,990 (equivalent to RM7,396,685) to Prosper, Seeva, and Kingdom, respectively. This resolution was conditional on the share premium being credited as a result of the Company's Global Offering and pursuant to this resolution, a sum of HK$13,499,990 (equivalent to RM7,396,685) standing to the credit of the share premiums account are to be capitalised to pay up in full at par for the shares allotted and issued.

(e) Following the completion of the Global Offering on 9 August 2017, the Company's shares were successfully listed on the Main Board of the Stock Exchange. The issued and fully paid-up share capital of the Company was increased from HK$13,500,000 (equivalent to RM7,396,691) comprising 1,350,000,000 ordinary shares, to HK$18,000,000 (equivalent to RM9,862,255) comprising 1,800,000,000 ordinary shares by way of issuance of 450,000,000 new ordinary shares of HK$0.70 per share amounting total to HK$315,000,000 (equivalent to RM172,589,445) to the public. Part of the proceeds received from the Global Offering amounting to HK$13,499,990 (equivalent to RM7,396,685) were then capitalised standing to the credit of the share premium account to pay up in full at par for the shares allotted and issued to the Controlling Shareholders as disclosed in Note 19(d).

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

All ordinary shares issued during the year rank pari-passu with the then existing ordinary shares in all respects.

The share capital as at 30 September 2016 of the Group represent the share capital of BGMC Builder with details as follow:

	Number of shares	Share capital RM
Authorised:		
Ordinary shares of RM1 each:		
At beginning and end of year	400,000	400,000
Issued and fully paid:		
Ordinary shares of RM1 each:		
At beginning and end of year	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RESERVES

	2017 RM	2016 RM
Share premium	**148,880,345**	-
Other reserve	**65,000,094**	-
Retained earnings	**117,752,580**	62,919,122
	331,633,019	62,919,122

Share premium

Share premium comprise the following:

	2017 RM	2016 RM
Amount received from Global Offering (Note 19(e))	**170,123,881**	-
Less: Certain listing expenses from Global Offering (Note 19(e))	**(13,846,851)**	-
Capitalisation issue (Note 19(d))	**(7,396,685)**	-
	148,880,345	-

Other reserve

Other reserve comprises the following:

(a) The transfer of the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of BGMC Builder after the Company became the ultimate holding company of the Group upon the completion of the Reorganisation on 6 December 2016 as disclosed in Notes 2 and 19(b).

(b) The repayment of amounts due to directors of RM65,000,000 in BGMC Builder through the issue of additional shares by BGMC Builder to BGMC Malaysia on 26 January 2017 as part of the Reogranisation requirements. The directors mentioned are the Controlling Shareholders of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	**2016**	**2017**	**2016**
Obligations under finance leases payable:				
Within one year	**14,107,844**	5,548,199	**12,564,077**	4,816,019
Within a period of more than one year but not more than two years	**11,855,313**	5,010,343	**11,041,791**	4,433,002
Within a period of more than two years but not more than five years	**8,543,974**	7,265,681	**8,230,632**	6,801,472
Within a period of more than five years	**-**	243,737	**-**	215,389
	34,507,131	18,067,960	**31,836,500**	16,265,882
Less: Future finance charges	**(2,670,631)**	(1,802,078)	**-**	-
Present value of lease obligations	**31,836,500**	16,265,882	**31,836,500**	16,265,882
Less: Amount owing for settlement with twelve months (shown under current liabilities)			**(12,564,077)**	(4,816,019)
Amount owing for settlement after twelve months			**19,272,423**	11,449,863

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. Interest rates underlying all obligations under finance leases as at 30 September 2017 are fixed at respective contract rates ranging from 2.38% to 3.90% (2016: 2.35% to 3.47%) per annum.

Obligations under finance leases were secured by property, plant and equipment under hire purchase and jointly and severally guaranteed by the Company and/or the subsidiaries. In 2016, obligations under finance leases were also secured by guarantees from certain directors. The said guarantees were discharged in 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS - SECURED

	2017 RM	2016 RM
Current:		
Bank overdrafts (a)	**4,160,761**	-
Term loan I (b)	**-**	213,631
Term loan II (c)	**23,288,111**	31,234,417
Invoice financing loan (d)	**4,168,852**	421,950
Bridging loan (e)	**-**	2,111,554
Total current	**31,617,724**	33,981,552
Non-current:		
Term loan II (c)	**223,177,728**	240,694,810
Total non-current	**223,177,728**	240,694,810
Total	**254,795,452**	274,676,362

Summary of borrowing arrangements are as follows:

(a) Bank overdrafts are secured by facility agreements for a sum of RM5,500,000 (2016: RM6,500,000) as at 30 September 2017, memorandum of deposit over certain fixed deposits of the Group of RM7,249,974 (2016: RM4,515,332) and corporate guarantee by the Company and/or the subsidiary companies. In 2016, bank overdrafts were also secured by guarantee from a director and a third party. The said guarantees have been discharged in 2017.

(b) Term loan I in 2016 was secured by a facility agreement for a sum of RM255,000, assignment of rights, title and interest over one unit of a leasehold condominium of BGMC Corporation Sdn Bhd ("BGMC Corporation") and a joint and several guarantees by all the directors. The said leasehold condominium was disposed of by BGMC Corporation before the Company acquired BGMC Corporation. The said term loan was fully repaid during the current financial year and security has since been discharged.

(c) Term loan II was entered into in previous year to finance the construction of UiTM campus as mentioned in Note 5(b). It is secured by:

(i) master facility agreements;

(ii) debenture creating a first fixed and floating charge over all present and future assets of a subsidiary company;

(iii) assignment of all rights, title, interest and benefits of a subsidiary company under certain clauses of the concession agreement;

22. BORROWINGS - SECURED (CONTINUED)

Summary of borrowing arrangements are as follows: (Continued)

(c) Term loan II was entered into in previous year to finance the construction of UiTM campus as mentioned in Note 5(b). It is secured by: (Continued)

(iv) assignment of all rights, title, interest and benefits of a subsidiary company under:

- the lease agreement entered into between a subsidiary company as lessee and UiTM as lessor in respect of the land for constructing the UiTM campus (the "Project Land"); and
- the sub-lease agreement ("Sub-lease agreement") entered into between the said subsidiary company as sub-lessor and UiTM as sub-lessee in respect of the Project Land;

(v) assignments of all the present and future rights, title, interest and benefits of subsidiary company under the construction contract of the project;

(vi) assignment over the designated accounts as stipulated in the loan agreement. The restricted bank balance as of the designated account at 30 September 2017 is RM20,992 (2016: RM1,177,232). The restricted fixed deposits as at 30 September 2017 is RM10,300,000 (2016: RMNil).

(vii) assignment of all the present and future rights, title, interest and benefits of a subsidiary company under all Islamic insurance policies taken out in respect of or rising from the project, (excluding workmen's compensation and public liability insurances);

(viii) corporate guarantee by BGMC Builder and BGMC Corporation;

(ix) irrevocable letter of undertaking from a subsidiary company ensuring that at least thirty percent (30%) of the construction and maintenance works is to be sub-contracted out to bumiputra contractors and at least sixty percent (60%) of the subsidiary company's workforce is bumiputra employees; and

(x) any other security or documents as may be required by Bank Pembangunan Malaysia Berhad ("BPMP") and/or as advised by BPMP's solicitors for a facility of this nature.

(d) Invoice financing loan is secured by a facility agreement for a sum of RM10,000,000 (2016: RM10,000,000), corporate guarantee by the Company and memorandum of legal charge over deposit and letter of set-off over fixed deposit of a subsidiary company, by creating a sinking fund account and assignment of considerations received from the customers. In 2016, invoice financing loan was also secured by guarantee from certain directors. The said guarantee has been discharged in 2017.

(e) Bridging loan in 2016 was secured by a joint and several guarantees for a sum of RM38,000,000 by certain directors of the Company and third parties and assignment of considerations received from the customer to the escrow account maintained. The bridging loan has been repaid in 2017 and the security has since been discharged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS - SECURED (CONTINUED)

The remaining maturity periods of borrowings as at 30 September 2017 and 30 September 2016 are as follows:

	2017 RM	2016 RM
On demand or within one year	**31,617,724**	33,981,552
More than one year but not exceeding two years	**23,288,111**	22,760,768
More than two years but not exceeding five years	**69,864,332**	45,539,170
More than five years	**130,025,285**	172,394,872
	254,795,452	274,676,362

The weighted average interest rates per annum for borrowings as at end of the year are as follows:

	The Group	
	2017	2016
Bank overdrafts	**7.71%**	-
Term loan I	**-**	4.95%
Term loan II	**8.20%**	8.88%
Invoice financing loan	**8.01%**	8.10%
Bridging loan	**-**	8.35%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. DEFERRED TAX LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during financial years.

	Accelerated tax depreciation RM	Concession agreement RM	Intangible assets RM	Unutilised tax losses RM	Total RM
At 1 October 2015	1,636,478	-	6,153,885	(5,575,000)	2,215,363
Charge/(Credit) to profit or loss	450,524	5,642,000	(1,842,465)	1,172,000	5,422,059
At 30 September 2016/ 1 October 2016	2,087,002	5,642,000	4,311,420	(4,403,000)	7,637,422
Charge/(Credit) to profit or loss	1,338,436	(23,000)	(1,933,775)	1,444,000	825,661
At 30 September 2017	3,425,438	5,619,000	2,377,645	(2,959,000)	8,463,083

As at 30 September 2017, the Group has utilised tax losses of approximately RM12,329,000 (2016: RM18,346,000), available for offset against future taxable profits of the relevant subsidiary company. Deferred tax asset has been recognised in respect of such tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES

	2017 RM	2016 RM
Trade payables:		
Third parties	**155,141,097**	96,925,700
Related parties	**14,999,045**	8,338,937
	170,140,142	105,264,637
Retention sum payables:		
Third parties	**22,753,441**	18,103,492
Related parties	**12,550,865**	214,357
	35,304,306	18,317,849
Consideration payable	**-**	41,000,000
Other payables:		
Third parties	**5,826,546**	13,025,595
Related parties	**-**	3,036,820
	5,826,546	16,062,415
Accrued expenses	**45,061,506**	38,059,956
	256,332,500	218,704,857

The consideration payable for the acquisition of BGMC Corporation was unsecured, interest-free and was fully repaid on behalf by directors on 25 October 2016.

Related parties refer to companies in which certain directors of the Company or close family members of certain directors are also directors and have control.

Amounts owing to related parties included under trade payables and retention payables are unsecured and interest-free.

Trade payable comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchase ranges from 30 to 60 days (2016: 30 to 60 days).

The credit period on retention sum payables is 24 months (2016: 24 months) after completion of construction.

Amounts owing to related parties included under payables which arose mainly from expenses paid by related parties on behalf of the Group, are unsecured, interest-free and are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2017 RM	2016 RM
0 - 30 days	**60,163,172**	47,486,229
31 - 90 days	**58,607,308**	30,798,463
Over 90 days	**51,369,662**	26,979,945
	170,140,142	105,264,637

25. AMOUNTS OWING TO DIRECTORS

The amounts owing to directors in 2016 were unsecured, interest-free and were repayable on demand.

On 26 January 2017, amounts owing to directors of RM65,000,000 were settled through the issue of additional shares by BGMC Builder to BGMC Malaysia and was capitalised in other reserve. The directors are also the controlling shareholders of the Company and BGMC Malaysia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PARTICULAR OF SUBSIDIARY COMPANIES

The Company has the following subsidiary companies:

Name of subsidiaries	Place of incorporation	Place of operations	Issued and fully paid ordinary share capital 2017	Issued and fully paid ordinary share capital 2016	Attributable equity interest held by the Company 2017	Attributable equity interest held by the Company 2016	Principal activities
BGMC Malaysia Limited	British Virgin Islands	Malaysia	**USD100**	N/A	**100%**	N/A	Investment holding
BGMC Builder Sdn. Bhd.[1]	Malaysia	Malaysia	**RM1,000**	RM100	**100%**	100%	Investment holding
BGMC Corporation Sdn. Bhd.[2]	Malaysia	Malaysia	**RM10 million**	RM10 million	**100%**	100%	Building construction and investment holding
Built-Master Elevator Engineering Sdn. Bhd.[4]	Malaysia	Malaysia	**RM0.75 million**	RM2	**80%**	80%	Supply and installation of elevators
Built-Master Engineering Sdn. Bhd.[3]	Malaysia	Malaysia	**RM0.75 million**	RM0.75 million	**80%**	80%	Mechanical and electrical engineering and investment holding
Headway Construction Sdn. Bhd.[3]	Malaysia	Malaysia	**RM0.75 million**	RM0.75 million	**51%**	51%	Earthworks and infrastructure works
KAS Engineering Sdn. Bhd.[3]	Malaysia	Malaysia	**RM5 million**	RM5 million	**100%**	100%	Concession with the Government of Malaysia for the construction of a university building and building maintenance service provider for the said university building

1 BGMC Builder Sdn. Bhd. is indirectly held by the Company through BGMC Malaysia Limited.
2 BGMC Corporation Sdn. Bhd. is indirectly held by the Company through BGMC Builder Sdn. Bhd..
3 These companies are indirectly held by the Company through BGMC Corporation Sdn. Bhd..
4 Built-Master Elevator Engineering Sdn. Bhd. is indirectly held by the Company through Built-Master Engineering Sdn. Bhd..

None of the subsidiaries had issued any debt secarities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARTICULARS OF NON WHOLLY-OWNED SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
			2017 RM	2016 RM	2017 RM	2016 RM
Headway Construction Sdn. Bhd.	Malaysia	49%	**(215,095)**	1,252,028	**5,191,758**	5,406,853
Individually immaterial subsidiaries with non-controlling interests			**504,579**	809,650	**2,262,293**	1,757,714
			289,484	2,061,678	**7,454,051**	7,164,567

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other subsidiaries which are not material to the Group are not presented.

Summarised statement of financial position

Headway Construction Sdn. Bhd.	2017 RM	2016 RM
Current assets	**62,293,189**	51,616,994
Non-current assets	**5,665,878**	9,640,833
Total assets	**67,959,067**	61,257,827
Current liabilities	**53,862,418**	51,834,914
Non-current liabilities	**3,991,725**	2,213,555
Total liabilities	**57,854,143**	54,048,469
Net assets	**10,104,924**	7,209,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARTICULARS OF NON WHOLLY-OWNED SUBSIDIARIES OF THE COMPANY (CONTINUED)

Summarised statement of profit or loss and other comprehensive income

Headway Construction Sdn. Bhd.	2017 (12 months) RM	2016 (15 months) RM
Revenue	**60,292,835**	95,057,724
Expenses	**(60,731,805)**	(92,502,566)
Profit/Total comprehensive (loss)/income attributable to:		
Owner of the Company	**(223,875)**	1,303,131
Non-controlling interests	**(215,095)**	1,252,027
Profit/Total comprehensive (loss)/income for the year	**(438,970)**	2,555,158

Summarised statement of cash flows

Headway Construction Sdn. Bhd.	2017 RM	2016 RM
Net cash (outflow)/inflow from operating activities	**(4,513,742)**	3,437,513
Net cash outflow from investing activities	**(135,920)**	(239,885)
Net cash inflow/(outflow) from financing activities	**3,291,982**	(2,081,887)
Net cash (outflow)/inflow for the year/period	**(1,357,680)**	1,115,741

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the current and previous financial years.

The capital structure of the Group consists of net debt which includes borrowings disclosed in Note 22, net of cash and cash equivalents, and attributable to owners of the Company, comprising issued share capital, other reserve and retained earnings.

The directors review the capital structure periodically. As part of this review, the directors considers the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

	2017 RM	2016 RM
Financial assets		
Loans and receivables (including cash on hand and at bank)	**623,460,868**	463,068,663
Financial liabilities		
Other financial liabilities	**542,964,452**	547,811,731

(ii) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, fixed deposits, bank balances and cash, trade and other payables, amounts owing to directors, obligation under finance lease and borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how the Group mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk as certain of its bank balances and borrowings are subject to floating interest rates. Management considers any significant interest rate exposure should the need arise.

The Group is also exposed to fair value and interest rate risk in relation to its fixed-rate bank deposits and borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for borrowings at the end of the reporting period and assumed the amounts outstanding at the end of this reporting period were outstanding for the whole year and held constant throughout the financial year. If interest rates on interest bearing borrowings were 50 basis points higher/lower and all other variables were held constant, the profit for the year ended 30 September 2017 would decrease/increase by approximately RM968,000 (2016: RM1,044,000).

The above sensitivity analysis is unrepresentative of the inherent interest rate risk because the year end exposure does not reflect the exposure during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial risk management objectives and policies (Continued)

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management extends credit to its customers based on careful evaluation of the customers' financial condition and credit history. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

As at 30 September 2017, the Group has a concentration of credit risk as 64% (2016: 74%) respectively of the total trade and other receivables was due from one customer within the concession and maintenance segment. Other than this, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Foreign currency risk management

The Group has certain fixed deposits and bank balances which are denominated in currency other than Ringgit Malaysia which are exposed to foreign currency risk.

Foreign currency sensitivity analysis

The Group is mainly exposed to Hong Kong Dollar ("HKD") and United Stated Dollar ("USD").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial risk management objectives and policies (Continued)

Foreign currency risk management (Continued)

The following table details the Group's sensitivity to a 10% increase and decrease in RM against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated fixed deposits and bank balances and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Carrying amount RM	Foreign currency risk +10% RM	Foreign currency risk -10% RM
HKD Impact			
At 30 September 2017			
Financial Assets			
Fixed deposits	**50,813,401**	**5,081,340**	**(5,081,340)**
Bank balances	**569,000**	**56,900**	**(56,900)**
USD Impact			
At 30 September 2017			
Financial Assets			
Bank balances	**392,990**	**39,299**	**(39,299)**

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at year end does not reflect the exposure during the year.

Liquidity risk

The Group's total assets less current liabilities as at 30 September 2017 are RM599,862,559 (2016: RM329,865,884); and the Group's net current assets as at 30 September 2017 are RM241,575,029 (2016: net current liabilities of RM23,256,752).

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 30 September 2017, the Group has available unutilised bank borrowing facilities of approximately RM52,670,000 (2016: RM41,463,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market interest rates at the end of each reporting period.

	Weighted average effective interest rate %	On demand or less than 12 months RM	1 to 5 years RM	More than 5 years RM	Total undiscounted cash flows RM	Total carrying amount RM
As at 30 September 2017						
Trade and other payables	-	**244,750,470**	**11,582,030**	**-**	**256,332,500**	**256,332,500**
Obligations under finance leases	3.19	**14,107,844**	**20,399,287**	**-**	**34,507,131**	**31,836,500**
Borrowings	6.87	**47,767,481**	**141,800,712**	**155,252,530**	**344,820,723**	**254,795,452**
		306,625,795	**173,782,029**	**155,252,530**	**635,660,354**	**542,964,452**
As at 30 September 2016						
Trade and other payables	-	212,331,350	6,373,507	-	218,704,857	218,704,857
Amounts owing to directors	-	38,164,630	-	-	38,164,630	38,164,630
Obligations under finance leases	2.91	5,548,199	12,276,024	243,737	18,067,960	16,265,882
Borrowings	8.87	45,445,172	153,479,720	223,703,960	422,628,852	274,676,362
		301,489,351	172,129,251	223,947,697	697,566,299	547,811,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Fair value measurements of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost approximate their fair values, other than the following:

- **Borrowings**: The fair value of borrowings is determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements (Level 2).

	Carrying amount		Fair value	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Borrowings	**254,795,452**	274,676,362	**243,776,202**	320,823,204

The fair values of the above financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

30. RELATED PARTIES TRANSACTIONS

In addition to the balances of the Group with related parties disclosed in Notes 16 and 24 above, the Group has the following transactions with related parties carried out based on agreed terms and conditions:

	2017 RM	**2016 RM**
Construction revenue from related parties:		
B&G Superb Property Sdn. Bhd.	**81,422,131**	61,856,861
B&G Global Property Sdn. Bhd.	**2,632,087**	-
D Pristine Medini Sdn. Bhd.	**180,170,592**	82,352,043
Kingsley Hills Sdn. Bhd.	**4,395,174**	18,820,811
Kingsley International Sdn. Bhd.	**4,864,847**	28,648,854
Bras Venture Berhad	**-**	11,998,779
Construction cost paid to related parties:		
Exa Power Sdn. Bhd.	**8,085,763**	-
Modular Construction Technology Sdn. Bhd.	**-**	14,016,161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. RELATED PARTIES TRANSACTIONS (CONTINUED)

	2017 RM	2016 RM
Building materials cost paid to related party:		
Correct Lifestyle Sdn. Bhd.	**16,488,529**	-
Rental of office premises to related party:		
One City Properties Sdn. Bhd.	**584,956**	265,608
Parking fees paid to related party:		
One City Properties Sdn. Bhd.	**94,575**	56,810
Site management fees paid to related party:		
E-City Hotel Sdn. Bhd.	**27,957**	47,611
Gym membership fees paid to related party:		
E-City Hotel Sdn. Bhd.	**36,560**	21,644
Rental of ballroom paid to related party:		
E-City Hotel Sdn. Bhd.	**13,250**	93,245
Training fees paid to related party:		
Kingsley Professional Centre Sdn. Bhd.	**43,999**	-
Utility expenses paid to related party:		
MCT Green Technology Sdn. Bhd.	**122,693**	76,472

Related parties refer to companies in which certain directors of the Company, siblings and siblings-in-law of certain directors are also directors and have control.

The remuneration of the directors and key management including chief executive of the Company is disclosed in Note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of related office premises which fall due as follows:

	2017 RM	2016 RM
Within one year	**721,493**	414,414
In the second to fifth year inclusive	**661,370**	750,292
	1,382,863	1,164,706

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for terms ranging from two to four years and rentals are fixed over the term of the relevant leases.

32. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had approved and contracted for the purchase of property, plant and equipment as follows:

	2017 RM	2016 RM
Approved and contracted for:		
Property, plant and equipment	**630,000**	-
Less: Deposit paid	**(189,000)**	-
Outstanding capital commitments	**441,000**	-

The settlement of outstanding capital commitments of the Group will be made in cash upon delivery of the property, plant and equipment that has been approved and contracted for.

33. NON-CASH TRANSACTIONS

During the year ended 30 September 2016 and 30 September 2017, consideration payable for the acquisition of BGMC Corporation was paid on behalf of the Company by the directors for amounts of RM24,000,000 and RM41,000,000, respectively.

On 26 January 2017, amounts owing to directors of RM65,000,000 were settled through the issue of additional new shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited and was capitalised in other reserve as disclosed in Note 20(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the Statement of Financial Position of the Company at the end of the reporting period are as follows:

	2017 RM
ASSETS	
Non-Current Assets	
Investment in a subsidiary company	**446**
Current Assets	
Other receivables	**4,355,784**
Amount owing from a subsidiary company	**88,429,786**
Fixed deposits	**50,813,401**
Cash and bank balances	**961,990**
Total Current Assets	**144,560,961**
Total Assets	**144,561,407**
EQUITY AND LIABILTIES	
Capital and Reserves	
Share capital	**9,862,255**
Share premium	**148,880,345**
Accumulated loss	**(19,665,999)**
Total equity	**139,076,601**
Current Liabilities	
Other payables and accrued expenses	**302,856**
Amount due to a subsidiary company	**5,181,950**
Total liabilities	**5,484,806**
Total Equity and Liabilities	**144,561,407**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

RESERVES OF THE COMPANY

	Share premium RM	Accumulated loss RM	Total RM
At 18 November 2016 (date of incorporation)	-	-	-
Loss and total comprehensive loss for the year	-	(19,665,999)	(19,665,999)
Issue of shares in connection with Global Offering (Note 19(e))	170,123,881	-	170,123,881
Share issue expenses (Note 19(e))	(13,846,851)	-	(13,846,851)
Capitalisation issue (Notes 19(d) & (e))	(7,396,685)	-	(7,396,685)
At 30 September 2017	148,880,345	(19,665,999)	129,214,346


TROPIC

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: 1693)
（股份代碼：1693）

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