BGMC International Limited
璋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
(Stock code 股份代號: 1693)

CONSTRUCTING OUR TOMORROW
共築明天

ANNUAL REPORT
年報

2018

CONTENTS

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

BOARD LOT

4,000 shares

COMPANY'S WEBSITE ADDRESS

www.bgmc.asia

COMPANY SECRETARY

Kwok Siu Man, *FCIS, FCS*

AUTHORISED REPRESENTATIVES

Dato' Teh Kok Lee

Kwok Siu Man, *FCIS, FCS*

CORPORATE INFORMATION

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 AND TRANSFER OFFICE

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

INDEPENDENT AUDITOR

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

COMPLIANCE ADVISER

Fortune Financial Capital Limited
Units 4301–8 & 13, 43rd Floor
COSCO Tower
183 Queen's Road Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law

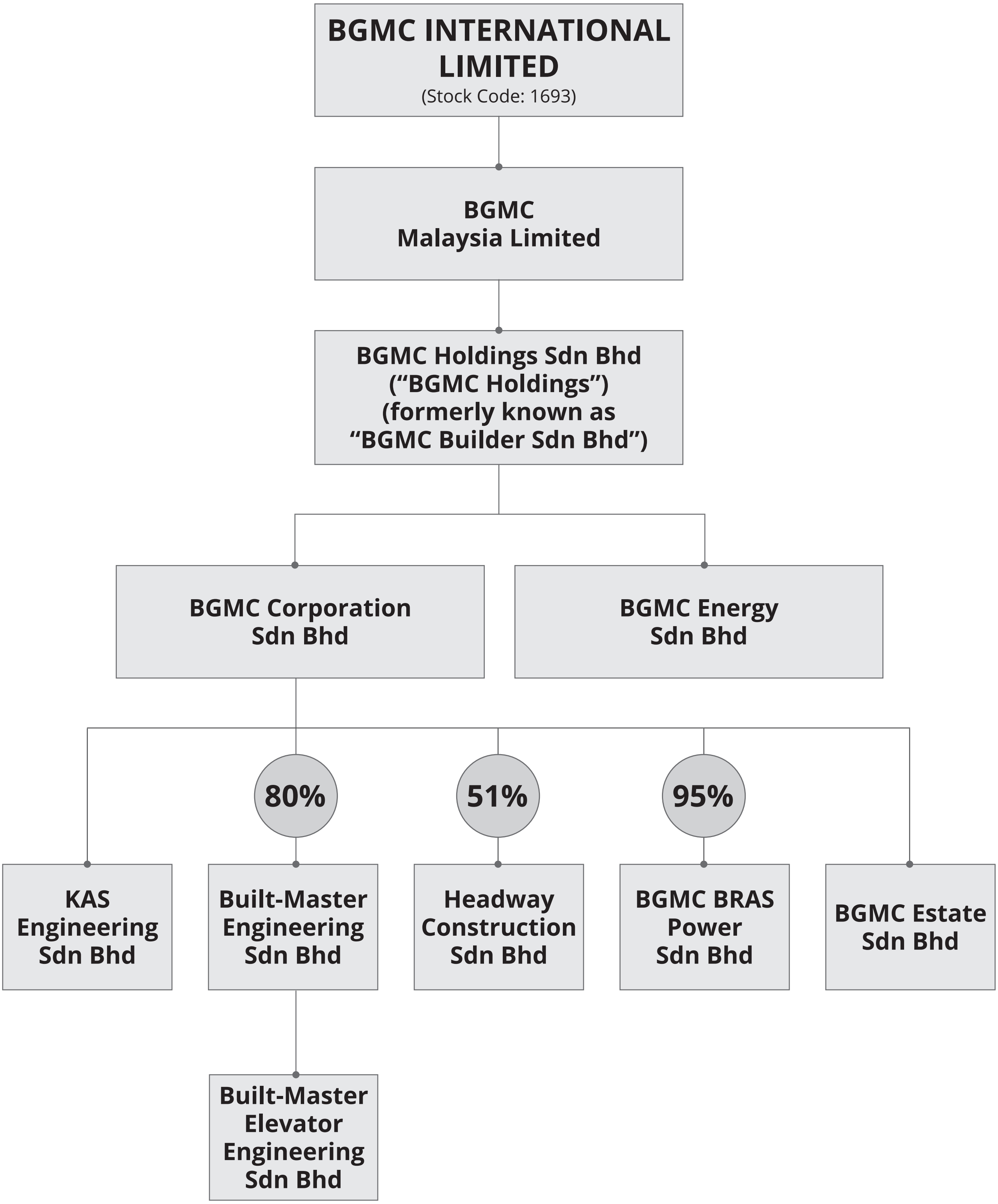
Kwok Yih & Chan
Suites 2103–05, 21st Floor
9 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

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

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

CORPORATE STRUCTURE



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

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the board ("**Board**") of directors ("**Directors**", each a "**Director**") of BGMC International Limited ("**BGMC**" or "**Company**") and its subsidiaries (collectively the "**Group**"), I hereby present to you the Company's Annual Report for the financial year ended 30 September 2018 ("**FY2018**").

2018 has been a year of change, and in Malaysia, the most significant has to be a new government has taken the helm, cancelling or deferring several infrastructure projects, but raising hopes of the people for access to better public services and giving the country a positive outlook in the long run.

Globally, many of the changes have brought challenges to which BGMC did not yield. Since its listing on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") in August 2017, the Company has stayed true to its mission, actively exploring new opportunities that can drive growth of its business. We are contented to report that the Company has prevailed and made good progress with its business.

Although our revenue for FY2018 was not apparently lustrous, our customer base, revenue streams and order books remained solid and new projects from established property developers as well as government-linked companies were secured.

We made revenue of RM515.1 million in FY2018, down by 25.9% as compared with last financial year, while profit attributable to owners of the Company decreased by 97.4% to RM1.4 million. The less–than-stellar results were mainly because of the lag in time of recognising income from the order books and the projects in hand still in early stages expected to bear fruit in the following years. The latter and also projects we have in the pipeline assure that we will be able to deliver optimum returns to shareholders in the long term.

Building on our strong track record and capable of delivering integrated cost-effective solutions and high-quality services, we secured 26 new contracts of total worth RM537.6 million during the year. Some of the significant new projects included the Tenaga Nasional Berhad ("**TNB**") Worker's Quarters, Melaka 2,422 megawatt Combined Cycle Gas Turbine Power Plant and Bangsar 61 Basement Works in Kuala Lumpur. As at 30 September 2018, our order books stood at RM1.2 billion, promising to drive performance of the Company in the next 24 months.

We also have had our eyes on concession projects. On top of the existing 23-year contract for construction and maintenance of the Universiti Teknologi MARA ("**UiTM**") campus, which has been generating long-term recurring cashflow for the Company, we secured during the year under review a concession to construct, develop and maintain a large scale solar photovoltaic plant in Kuala Muda, Negeri Kedah, Malaysia over a period of 21 years. The contract is proof of our capabilities and expertise in providing Concession and Maintenance Services.

We garnered a number of important awards for our ability to meet the demanding needs of the industry. They included the High QLASSIC Achievement Awards 2018 and Best QLASSIC Achievement Award 2018 – Residential earned for the V-Residensi 2, Shah Alam, Selangor project and the High QLASSIC Achievement Awards 2018 for the Mahogany Park/Phase 2B2, Saujana Impian, Selangor project. We also received a Certificate of Achievement from the Construction Industry Development Board of Malaysia that gave our subsidiary BGMC Corporation a 4-star rating recognising its excellent leadership, management and capabilities.

CHAIRMAN'S STATEMENT

Industry Outlook

Looking at the macro environment, with the Sino-US trade war continuing, economic turmoil is expected to keep looming worldwide and inevitably affecting the construction sector in Malaysia.

However, investor confidence is expected to return within a short period of time, with the new government deciding to continue various infrastructure projects, including affordable housing, rural housing, upgrading of roads and government staff quarters, schools, mosques and police stations. Along with the return of confidence, demand for the Company's expertise will also increase in 2019.

Our extensive experience and ability to deliver integrated construction solutions are our competitive edges. We are confident that these edges, which have seen us navigate safely through choppy waters, will continue to brace us in riding the winds of change. We shall continue to look for opportunities that match our scope of expertise.

Moving forward, we will keep replenishing our construction and PPP order book, tender for projects in the corporate sector, property sectors (residential and commercial), industrial sector, and also government-linked projects and infrastructure projects in Malaysia. At the same time, we will explore pursuit of opportunities via strategic partnerships to help us enrich our project portfolio, enlarge our business footprint across the region and in turn boost market share.

For BGMC, with strong fundamentals and proven expertise, it is well-poised to capture the opportunities in the country transforming with vigour. We shall strive to heighten operational efficiency and boost competitiveness, which we believe will enable us to keep growing and create maximum shareholder value.

Acknowledgements

I would like to express my appreciation to all our valued shareholders, customers, strategic partners, financiers, suppliers, the Malaysian Government and various regulatory authorities for their continuous support and assistance to BGMC. I would like to also thank fellow members on the Board of Directors for their valuable guidance, leadership and contribution to the Company. Last but not least, my gratitude also goes to the management team and staff for their commitment and dedication to helping the Group cope with and overcome global, regional and domestic challenges.

The past year, though challenging, has not dampened our determination to exert our best and excel in delivering each and every one of our projects.

Tan Sri Dato' Sri Goh Ming Choon
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS MODEL

In FY2018, BGMC remained a full-fledged, integrated solutions provider in the Construction Services sector and Public Private Partnerships ("**PPP**") sector. Its Construction Services business undertakes primarily service contracts of period not exceeding five years. The business consists of key segments, namely Building and Structure Works, Energy Infrastructure Works, Mechanical and Electrical Works, and Earthwork and Infrastructure Works. Energy Infrastructure Works is the new name of the segment previously known as Energy Transmission and Distribution Works to better reflect the expanded scope of work of the business.

As for the PPP projects business, it takes on longer term concession projects providing asset management services with the support of two pillar segments, namely Concession and Maintenance. The business enables the Company to generate long-term recurring cashflow, buffering its performance in a volatile operating environment.

Core Business	Segment	What BGMC Does
Construction Services	Building and Structure Works	Focuses on construction of low-rise and high-rise residential and commercial properties, factories, as well as government-led infrastructure and facility projects. A contract to build the main buildings of a combined cycle gas fired power plant was secured during the year, boosting the segment's project portfolio.
	Energy Infrastructure Works	The segment formed in FY2018 has under the same roof two previously independent businesses – design and construction of medium and high voltage power substations and installation of medium and high voltage underground cabling systems – and is also responsible for the new task of establishing and developing a utility scale solar power plant.
	Mechanical and Electrical Works	Focuses on bringing value-added engineering expertise to the installation of mechanical and electrical components and equipment for buildings and infrastructure, drawing on its all-round capabilities from design and planning to installation of the mechanical and electrical facilities.
	Earthwork and Infrastructure Works	Maintains a fleet of machinery for carrying out detailed earthworks, including site clearing, building platform preparation, road and drainage systems, and other infrastructure installation.
PPP	Concession	Under the Built, Lease, Maintain and Transfer ("**BLMT**") model, BGMC secured the concession to build the UiTM campus over a three-year period and provide asset management services for 20 years. Granted a concession by the Energy Commission of Malaysia and under the Built, Own and Operate ("**BOO**") model, the Company is working full steam to build a solar power plant that will generate and sell renewable energy to national utility companies.
	Maintenance	BGMC is well-equipped to provide asset management services and currently avails them to the UiTM BLMT Project.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Revenue

Notwithstanding the replenishment of some impressive amount of construction contracts in FY2017, BGMC had yet to benefit from the higher recognition of revenue and profit across the segments. This was mainly because most of the projects undertaken are still in the early stage of implementation cycle. The total revenue recognised reduced moderately by 25.9% from RM694.9 million in FY2017 to RM515.1 million in FY2018. The moderation in the revenue was mainly due to lower recognition in the following segments:

- The Building and Structure Works segment reduced by 25.4% from RM530.0 million in FY2017 to RM395.6 million in FY2018 as the major ongoing projects procured in FY2017 such as Spice Hotel, Sky Seputeh, V-Residency 5 and major ongoing projects procured in FY2018 such as TNB Worker's Quarters, Melaka Power Plant and Bangsar 61 were all in the early stage of implementation.

- The Energy Infrastructure Works segment experienced a decrease of 28.6% from RM56.2 million in FY2017 to RM40.1 million in FY2018. Lower income was recorded as a major substation project awarded in FY2017, PMU 275/132kV Damansara Heights, was yet to progress to the advance stage of implementation. Meanwhile, two 132kV underground cabling works awarded in FY2018, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim were still at the design stage as of 30 September 2018.

- The Mechanical and Electrical Works segment, however, was swimming against the tide by recording an impressive 20.2% increase from RM37.6 million in FY2017 to RM45.2 million in FY2018. While D'Pristine Medini was nearing its completion, the progress was slower than expected. Progress at The Henge has moved to a more advance progress stage, thus making a larger contribution to FY2018 while most of other projects were still in the early stage of progress.

- The Earthwork and Infrastructure Works segment saw a decrease of 63.8% from RM60.3 million in FY2017 to RM21.8 million in FY2018. The sharp decrease was due to the low number of projects and lower amount of outstanding contract sum. Kuala Langat was the project actively contributing to this segment.

- The Concession and Maintenance segment experienced a minor increase of 0.2% from RM54.2 million in FY2017 to RM55.3 million in FY2018 due to the contribution of our LSS project arising from the compliance with IFRIC 12 "Service Concession Arrangements". According to the nature of concession income, these minor changes are all within our expectation.

Gross Margin

Gross profit reduced to RM52.2 million in FY2018 from RM128.1 million in FY2017 while the gross margin dropped to 10.1% for FY2018 from 18.4% in FY2017. The decreases in gross profit were mainly due to the facts that (i) most of the projects in hand were still in the early stage of progress; and (ii) completed projects were still awaiting the final account and claim settlement. Meanwhile, the reduction in gross margin was owing to (i) the intensified competition in the tender and award process as lesser projects were being tendered and awarded out; (ii) the increase in the material cost of steel product for the ongoing projects; and (iii) the infancy stage of the some of the newly awarded contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Expenses

Administrative and Other expenses decreased from RM75.1 million for FY2017 to RM69.4 million for FY2018 due to one off IPO expense incurred in FY2017. The administrative expenses for FY2018 were incurred mainly for staff cost and depreciation. Headcount increased from 398 to 428 as more human resources were required to cope with the new projects spanning a very diversified locations. A similar situation went to acquiring more machineries and equipment to cater to those new projects that span across different states in Malaysia. Higher depreciation charges of RM9.4 million in FY2018 were therefore recorded as compared with RM8.0 million recognised in FY2017.

Finance Costs

Finance costs incurred reduced by 1.6% from RM18.9 million for FY2017 to RM18.6 million in FY2018. The moderation was due to the renegotiation and revision of bank borrowing interest rates after a successful listing of the Company's issued shares ("**Shares**").

Income Tax

Effective income tax rate for FY2018 was 104.4% compared with 27.8% in FY2017. The higher effective income tax rate was mainly due to non-recognisation of unutilised tax loss as deferred tax asset from the loss making subsidiaries and underprovision of tax expense in prior year.

Profit Attributable to the Owners of the Company

Based on the above factors, together with the goodwill impairment of RM2.3 million pertaining to the Company's subsidiaries, profit attributable to the owners of the Company decreased from RM54.8 million for FY2017 to RM1.4 million for FY2018.

Liquidity, Financial Resources and Capital Structure

The gearing ratio (calculated by dividing the total debts by total equity and then multiplied by 100%) increased from 82% as at 30 September 2017 to 85% as recorded as at 30 September 2018. This was due to a higher utilisation of banking facilities.

The cash and cash equivalent as at 30 September 2018 was recorded at RM90.3 million as compared to RM136.6 million recorded as at 30 September 2017. The decrease in cash and cash equivalent was due to investment in plant and equipment, financing of new projects and the payment of dividend. We consider that the level of cash balances to be reasonable and would enable the Company to take on suitable business opportunities in a very competitive and efficient manner.

Treasuries 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 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 2018, the net current assets amounted to RM215.9 million as compared to the net current assets of RM241.6 million recorded as at 30 September 2017. The Board regularly reviewed the maturity analysis of the Group's contractual liabilities and concluded that it has 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

Capital expenditure mainly consisted of procurement of construction machineries and equipment such as aluminium formwork system, which were funded by hire purchase, the proceeds from its global offering completed in August 2017 and internally generated funds. In FY2018, BGMC acquired RM6.9 million worth of construction machineries and equipment compared to RM32.0 million in FY2017.

Charges on Group Assets

As at 30 September 2018, 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 23 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 FY2018.

Significant Investment Held

The Group did not hold any significant investments during FY2018.

Foreign Exchange Exposure

The functional currencies of BGMC's operation, asset and liabilities are denominated in Ringgit Malaysia ("**RM**"). Therefore, we are not exposed to significant foreign exchange risk and had not employed any financial instrument for hedging except for our Hong Kong Dollar ("**HKD**") denominated fixed deposit and bank balances.

The fluctuation of RM against the HKD has resulted in an unrealised foreign exchange loss of RM0.38 million in FY2018 compared to RM0.99 million in FY2017.

Employees and Remuneration Policy

As at 30 September 2018, the Group's workforce stood at 428 employees compared with 398 employees as at 30 September 2017. Total staff costs incurred in FY2018 was RM36.8 million as compared to RM28.8 million recorded in FY2017. The increase in the number of workforce was needed to manage the new projects that are now spanning a wider geographical area.

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

The Company has adopted a share option scheme ("**Share Option Scheme**") which became effective on the Listing Date to enable the Board to grant share options to eligible participants with an opportunity to have a personal stake in the Company. As at the date of this annual report, there was no outstanding share option granted under the Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

FY2018 was a year full of challenges and uncertainties for BGMC. On top of worries looming in the global economy, a new government pledging to build a New Malaysia took office during the year. The Company has full confidence in the new leadership of the country and is ready to excel in the new environment.

BGMC faced headwind and grew slower in FY2018, but it continued to brave and overcome the challenges thrown at it and managed to capture new opportunities. During the year, reputable and valuable names like Pelaburan Hartanah Berhad and Hyundai Engineering Malaysia were added to its clientele.

CONSTRUCTION SERVICES

Although the business recorded lower revenue and profit in FY2018, it continued to offer comprehensive services, serving BGMC as the main revenue contributor. In FY2018, it brought in revenue of RM502.7 million, accounting for 97.6% of the Company's total revenue, compared to RM684.1 million, 98.4%, in the previous year. The drop was mainly due to the lower recognition in Building and Structure Works, Energy Infrastructure Works and Earthwork and Infrastructure Works, though Mechanical and Electrical Works recorded impressive growth.

During FY2018, BGMC secured 26 new project contracts of total worth RM537.6 million. The more notable projects included construction of Bangsar 61 Basement Works in Kuala Lumpur for Pelaburan Hartanah Berhad and Building Works for a Combined Cycle Gas Turbine ("**CCGT**") Power Plant at Melaka for Hyundai Engineering Malaysia.

As at 30 September 2018, BGMC's construction services order book carried a total value of RM2.6 billion, and the outstanding order book was RM1.2 billion.

The top 5 ongoing projects of BGMC are as follows:

Project Descriptions	Contract Value (RM'000)
D'Pristine Medini: Construction of a mixed development consisting of a 3-storey retail unit, a 6-storey car park, 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 37-storey towers consisting of 290 apartment units, car parks and other facilities at Taman Seputeh, Wilayah Persekutuan, Malaysia.	292,020
Bangsar 61: Construction of Earthworks, Basement and Associated Works for a 4-storey basement car park at Bangsar, Kuala Lumpur, Malaysia.	273,674
Setia Spice: Construction of a 26-storey building with a 19-storey hotel (453 rooms), a 3-storey car park and 4-storey hotel facilities, plus a 2-storey basement car park at Setia Spice, Bayan Lepas, Penang, Malaysia.	209,488
TNB Worker's Quarters: Construction of one 8-storey block of executive Quarters (24 units), three 9-storey blocks of non-executive Quarters (160 units) and other facilities at Kuala Berang, Terengganu, Malaysia.	76,531

MANAGEMENT DISCUSSION AND ANALYSIS

Building and Structure

With outstanding contracts in hand, Building and Structure Works continued to be the leading segment under the Construction Services business, contributing 76.8% or RM395.6 million to the total revenue of the business in FY2018.

In FY2018, all the major projects undertaken by the segment were still in progress. Certificate of Completion was obtained for the MSM Warehouse and The Serini, whereas D'Pristine Medini was near completion. Projects progressing well included the Sky Seputeh, Setia Spice, and V-Residency 5, and new projects kicked off during the year included Building Works for the Melaka 2,422mw CCGT Power Plant, the TNB Worker's Quarters and the Bangsar 61. The ongoing and new projects are expected to bring increasing contributions as they progress.

During the year, the segment secured seven new contracts of total worth RM439.0 million. The single largest contract procured in FY2018 was the Bangsar 61 amounting to RM273.6 million, while Building Works for the Melaka 2,422mw CCGT Power Plant and the TNB Worker's Quarters were tagged RM50.0 million and RM76.5 million respectively. The total value of the segment's current outstanding order book is RM914.6 million.

Energy Infrastructure

The segment contributed 7.8%, or RM40.1 million, to the total revenue of Construction Services business in FY2018. The lower contribution relative to the amount in the previous year was mainly due to some of the newly awarded projects being in infancy with nil contribution. The major power substation project PMU 275/132kV Damansara Heights has yet to reach the advance stage of implementation. Furthermore, as at 30 September 2018, the two 132kV underground cabling works contracts, namely PMU Sri Hartamas to PMU Matrade and PMU Shah Alam 18 to PMU Sirim landed in FY2018 were still in design stage.

The segment managed to procure three contracts of total value RM31.1 million during the year, as such maintained its outstanding order book of RM96.7 million worth as at 30 September 2018.

Mechanical and Electrical

In FY2018, the Mechanical and Electrical segment contributed RM45.2 million or 8.8% in revenue to the total revenue of Construction Services business. It was the only segment which recorded an increase in revenue against FY2017 to the credit of projects like The Henge and D'Pristine Medini nearing completion.

The segment also secured 15 new contracts of total worth RM31.6 million during the year, giving it a healthy outstanding order book with contracts of value RM116.1 million in all.

Earthwork and Infrastructure

The Earthwork and Infrastructure Works segment recorded revenue of only RM21.8 million FY2018 or 4.2% of the total revenue of Construction Services business. The low outstanding contract sum of and fewer new tender wins in the previous financial year by the segment explained the decrease in construction activities hence revenue of the segment in FY2018.

Nevertheless, the segment was able to secure one new contract in the amount of RM36.0 million in FY2018. The contract covers Earthworks, Soil Improvements Works, Instrumentation Works and Associated Works at Kuala Langat. The outstanding order book of the segment stood at RM29.3 million as at 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

CONCESSION AND MAINTENANCE

In FY2018, the Concession segment recorded imputed interest income of RM43.1 million against RM43.7 million in FY2017. The Maintenance segment contributed RM10.9 million to the overall revenue in FY2018, surpassing the RM10.5 million recorded in FY2017.

As at 30 September 2018, the UiTM Concession had a remaining period of 17 years and 4 months and the outstanding yet to be recognised imputed interest income currently stands at RM829.7 million.

As for the Maintenance segment, it currently possesses outstanding contracts valued at RM184.0 million.

On 12 December 2017, BGMC made a voluntary announcement on it securing a concession to construct and develop a Large Scale Solar Photovoltaic Plant ("**LSSPV Plant**") of 30 megawatt alternate current ("**MWa.c.**") at Kuala Muda, Negeri Kedah, Malaysia. Subsequently, on 27 March 2018 and 24 April 2018 respectively, the Group has signed a 21-year Power Purchasing Agreement with TNB, the sole electricity distributor in Peninsular Malaysia, and received the Letter of Award from the Energy Commission of Malaysia.

The Company is now working towards the financial closure for the concession and on track to achieving the Commercial Operation Date ("**COD**") of the LSSPV Plant on 30 September 2020, after which it will be able to generate recurring income from the project for a period of 21 years.

This new business venture generated a construction revenue of RM1.4 million with a net profit of RM0.14 million in FY2018 due to the adoption of IFRIC 12 "Service Concession Arrangements".

FUTURE PROSPECTS

BGMC faced a number of challenges in FY2018. The property market in Malaysia slowed down with number of projects reduced or construction works delayed. The phenomena among others posted pressure on the performance of the Company during the year.

Albeit such challenges in FY2018, BGMC sees rosy prospects for its business. Armed with proven capabilities and competitive advantages, the Company pressed ahead through the tough times in FY2017 and FY2018 and was able to procure projects to replenish its order books by RM1.3 billion two years combined. Focusing on winning projects from reputable government-linked companies through competitive tendering has spared the Company from the impact of contract cancellation or review by the Government. As at 30 September 2018, the Company had an outstanding order book of total worth RM1.2 billion, sufficient for sustaining operation for at least another 24 months. As most of its projects are steadily approaching the half-way point, different and more construction works can be carried out concurrently, meaning the Company can convert greater amounts in the order book into revenue and profit for recognition. The BGMC team is well prepared to take the Company's business forward in FY2019.

Moving forward, BGMC will continue to optimise productivity and replenish its construction order book in the next 12 months, tendering for projects in the corporate sector, property sector (residential and commercial), industrial sector, government-linked projects and infrastructure projects in Malaysia. At the same time, it will be looking at pursuing possible opportunities via strategic partnerships to help it enrich its project portfolio, enlarge business footprint across the region and in turn increase market share hopefully in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS

Apart from the strong Construction Services component, the Company also has a strong source of recurring income from its PPP business, currently consists of the UiTM BLMT university campus concession. In addition to bringing recurring income, the project also serves BGMC as a showcase of its ability to handle very complicated concession projects, credited for the subsequent tender the Company won for another concession to construct and develop a 30 MWa.c. LSSPV plant in Kuala Muda, Negeri Kedah, Malaysia. The LSSPV plant has a designed peak installed capacity of 45 megawatt to generate 30 MWa.c. When the plant is in commercial operation, it will be able to add 60,385.20 megawatt hour on average a year to the national power grid for 21 years. BGMC has under its belt another promising source of recurring income.

Recently, the Energy, Science, Technology, Environment and Climate Changes Minister of Malaysia announced at a meeting with industry players that the Malaysian Government intends to increase the share of renewable energy in the country's energy supply structure from the current 2% to 20% by year 2025. This development will translate into abundant opportunities for BGMC proven capable of building a renewable energy generation plant. The Energy Commission is expected to launch another round of LSSPV plant tenders in 2019 and the Company is ready for the competition.

Thanks to the wins of the UiTM BLMT project and the LSSPV plant project, the "BGMC" name is now on the map of the PPP segment conducive to the Company securing more concessions in the future, near and far. The new Malaysian Government says its policy is to work with companies that have "know how" and not "know who". It targets to establish a more regulated and sustainable structure for initiating and implementing PPP projects. All these are in favour of BGMC capturing more opportunities.

Subsequent to the review period, the Company has won yet another sizeable project from MRCB Builders Sdn Bhd ("**MRCB Builders**"), an engineering and construction arm of Malaysian Resources Corporation Berhad ("**MRCB**"), a testament to its strong customer base. Its indirect wholly-owned subsidiary landed a sub-contract with MRCB Builders, the main contractor of a proposed 46-storey commercial development comprising tower blocks and a podium block, on Lot 266, 349 and Government Land, Town of Sambanthan, Section 72 in Kuala Lumpur, Malaysia. The Company will undertake structural and architectural works ("**Works**") for Tower 2 and 3 of the project and the estimated sub-contract sum is RM189,000,000. The tentative commencement dates of the Works are mid-December 2018 for Tower 2 and mid-March 2019 for Tower 3. The Works are scheduled to be completed on 1 November 2020.

As BGMC moves into the second year as a listed entity, it shall remain committed to excellence, practising prudent financial management and relying on enterprise risk management to help it avert risk, thereby assuring it has a strong track record to compete effectively. Optimistic about the future of its business, BGMC is powered up to seize forthcoming opportunities and deliver exemplary performance, and ultimately elevate long-term shareholder value.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

TAN SRI DATO' SRI GOH MING CHOON *Chairman and Executive Director*

Tan Sri Dato' Sri Goh Ming Choon (丹斯里拿督斯里吳明璋) ("Tan Sri Barry Goh"), aged 54, 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. In addition, he is a director of Prosper International Business Limited which holds a 48% interest in the shares of the Company ("Shares").

Tan Sri Barry Goh is an entrepreneur and has over 21 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 engages in property development and property management in Malaysia, and B&G Capital and its subsidiaries (collectively "**B&G Capital Group**") were acquired by Tan Sri Barry Goh at the end of June 2018. The details of the acquisition are disclosed in the "Directors' Report" section of this annual report. 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.

Tan Sri Barry Goh has been appointed as an executive director of Kingsley Edugroup Limited (stock code: 8105) ("**Kingsley**") whose shares were listed on the Stock Exchange on 16 May 2018. He also serves as a member of the remuneration committee and the nomination committee of the board of directors of Kingsley.

DATO' MOHD ARIFIN BIN MOHD ARIF *Vice-Chairman and Executive Director*

Dato' Mohd Arifin bin Mohd Arif ("Dato' Arifin"), aged 55, 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. In addition, he is a director of Kingdom Base Holdings Limited which holds a 7.9% interest in the Shares.

He is primarily responsible for overall management, corporate development and strategic planning of the Group. Dato' Arifin has over 24 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 Universiti Teknology MARA ("**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.

Dato' Arifin obtained a port officer certificate jointly issued by the Directorate General of Sea Transportation of Indonesia and the Center for Coastal and Marine Resources Studies – Bogor Agricultural University in July 2018. Furthermore, Dato' Arifin had attended a facility maintenance course organised by the Construction Industry Development Board ("**CIDB**") of Malaysia in August 2018 and has then obtained the certificate of competency in management issued by CIDB.

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 35, 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. In addition, he is a director of Seeva International Limited which holds a 19.1% interest in the Shares.

Dato' Michael Teh has over 11 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.

IR. AZHAM MALIK BIN MOHD HASHIM *Executive Director*

Ir. Azham Malik bin Mohd Hashim ("Ir. Azham Malik"), aged 52, 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 and also a member of the Board of Engineers Malaysia. He obtained his Bachelor's degree in Engineering from the University of New South Wales, Australia in May 1992.

Ir. Azham Malik has over 18 years of experience in the construction field. He became a director of BGMC Corporation in December 1999 after his experience obtained in several companies. In 2008, he became a director of MDP Studio Sdn. Bhd., a company that engages in architectural and engineering (civil, mechanical and electrical) 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 working time in the Group.

Ir. Azham Malik has attended a facility maintenance course organised by the CIDB of Malaysia in August 2018 and has then obtained the certificate of competency in management issued by CIDB.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

TAN SRI DATO' SERI KONG CHO HA *Independent Non-Executive Director*

Tan Sri Dato' Seri Kong Cho Ha (丹斯里拿督斯里江作漢) ("Tan Sri Kong"), aged 68, 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. From April 2014 to May 2018, he was the deputy chairman of Invest Perak (Investment Council in the State of Perak). From August 2014 to May 2018, he served as the chairman of Port Klang Authority.

CHAN MAY MAY *Independent Non-Executive Director*

Chan May May (陳美美) ("Ms. Chan"), aged 52, 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 21 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. Ms. Chan has been appointed as an independent non-executive director of Pentamaster International Limited (stock code: 1665), a company listed on the Stock Exchange, since 19 December 2017.

NG YUK YEUNG *Independent Non-Executive Director*

Ng Yuk Yeung (吳旭陽) ("Mr. Ng"), aged 45, was appointed as an independent non-executive director 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, 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 21 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. Mr. Ng has been appointed as an independent non-executive director of Dowway Holdings Limited (Stock Code: 8403) since 16 May 2018.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

DATO' MICHAEL TEH *Executive Director and Chief Executive Officer, 35 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, 39 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 11 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.

EE KIAN YIAW *Project Director, 41 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 16 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, 52 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 a fellow 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

1. ABOUT THIS REPORT

This environmental, social and governance ("**ESG**") report is written in compliance with the ESG reporting guide ("**Guide**") as set out in Appendix 27 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

This report presents the environmental and social performance of BGMC International Limited ("**Company**") and its subsidiaries (collectively "**Group**" or "**BGMC**") for the year financial year ended 30 September 2018 ("**Year**"). It covers three out of the five business segments of the Group, namely Building and Structure, Energy Infrastructure, and Earthwork and Infrastructure. The remaining two segments – Concession and Maintenance, and Mechanical and Electrical – are not included in the environmental key performance indicators ("**KPIs**") as their operations contribute insignificant data.

During the Year, all of the Group's operations were located in Malaysia, hence the relevant laws and regulations mentioned in this report are those legislated in Malaysia.

Notes on Key Performance Indicators ("KPIs")

In the Group's ESG report for financial year ending 30 September 2017, which the Group published in April 2018, there were environmental KPIs for the months of December 2017 through February 2018. In this present issue of the ESG report, the environmental KPIs capture data for the entire Year. Therefore, it is expected that the environmental KPIs published in this report will be substantially higher than those published in the last issue. This increase in the KPI values should not be taken to mean an increase in emission, wastes, and usage of natural resources.

For meaningful presentation, data for calculation of KPIs were only collected from projects that were active throughout the entire Year. This method of project selection has been and will be consistent for all past, current and future ESG reports.

All calculations of environmental KPIs are in accordance with the document titled "How to prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" ("**Environmental KPI Guide**") published on the website of the Stock Exchange. Where relevant, the KPIs are also presented in the form of intensities, where the amount calculated is divided by either the total construction floor area ("**CFA**") or the office area that contributes to the KPI.

Definitions

Unless otherwise defined, all capitalized terms in this report shall carry the same meaning as defined in the Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

2. SUSTAINABILITY MANAGEMENT OBJECTIVES, STRATEGY AND APPROACH

The Group aims to instil the ESG concept in its business and growth and to continuously improve on each relevant subject area listed in the Guide. It does this by adopting ESG policies and procedures, allocating good resources for ESG, embedding ESG objectives into the Company's Qube System, and creating an ESG identity for the Group.

2.1. Adopting ESG Policies and Procedures

The Group has in place a set of policies and procedures aimed at achieving its ESG objectives in various subject area. They include emission and waste reduction, personal data protection, intellectual property protection, as well as anti-bribery and anti-corruption. These policies are further explained in this report under their respective related aspects.

In addition, the Group has an "ESG Reporting Policy" to ensure the Group complies with its reporting obligations under the Guide and the Listing Rules. This policy sets out the approach and principles applied during the production of ESG reports.

To determine the materiality of each subject area listed in the Guide, the Group implements a "Subject Area Materiality Assessment" procedure. Details of this procedure are presented in the section titled "Materiality Assessment" in this report.

To determine which stakeholders the Group needs to engage, and the level of engagement required, the Group implements a "Stakeholder Influence Assessment" procedure. Details of this procedure are presented in the section titled "Stakeholder Engagement" in this report.

After the materiality and stakeholder influence assessments, the next steps are to engage the stakeholders that have been assessed to be relevant, collect sustainability data, and finally prepare the ESG report. These steps are implemented according to the "Stakeholder Engagement", "Sustainability Data Collection" and "Sustainability Reporting" procedures.

2.2. Allocating Good Resources for ESG

The Company's board of directors ("**Board**") has overall responsibility for the Group's ESG strategy and reporting. In line with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules of the Stock Exchange, the Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

The Group has a sustainability working group ("**SWG**") which comprises the chief executive officer ("**CEO**") as the chairman, and heads of divisions as members. The principal roles and functions of the SWG include establishing ESG management approach, strategy, priorities and objectives; determining the scope of the ESG report; identifying and disclosing additional ESG issues and KPIs; engaging stakeholders from time to time; collecting information for ESG report; and providing confirmation to the Board on the effectiveness of internal control systems for ESG matters.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

2.3. Embedding ESG into the Qube System

The Group has a proprietary system called the Qube System. The Qube System of processes drive the small, everyday efficiencies that stack up as quality, time and cost advantages for the projects and stakeholders. In line with the Group's emphasis on ESG, two new elements have been added into the original Qube System to make **Qube System 2.0**. The two new elements are:

a) "**Sustainability**" – Conducting business responsibly in the environments, economies and communities the Group operates in for the benefit of today's and future generations.

b) "**Governance**" – Balancing the interests of all stakeholders to operate with accountability, fairness and integrity.

2.4. Creating an ESG Identity

To garner greater awareness and unite all stakeholders towards achieving ESG objectives, the Group has adopted a stand called "Better Together" – a movement that creates an identity for the collaborative nature of its ESG activities. Under the "Better Together" movement, the Group has the following three specific mottos:

SUSTAINING TOGETHER

(a) "**Sustaining Together**" – The Group uses this motto to promote environmental sustainability. It is associated with initiatives to reduce emissions of air pollutants and greenhouse gases, as well as to reduce hazardous and non-hazardous wastes.

PROSPERING TOGETHER

(b) "**Prospering Together**" – The Group uses this motto to promote social and economic sustainability. It is associated with efforts in balancing the interests of all stakeholders and operating with accountability, fairness and integrity.

CARING TOGETHER

(c) "**Caring Together**" – The Group uses this motto to promote community investments as part of social sustainability. It is associated with initiatives such as supporting charities, community sponsorships, and employee welfares.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

3. STAKEHOLDER ENGAGEMENT

Using the stakeholder influence matrix (see Figures 1A and 1B), the SWG has identified a list of stakeholders, stakeholders' engagement level, and their respective methods of engagement (see Figure 2).

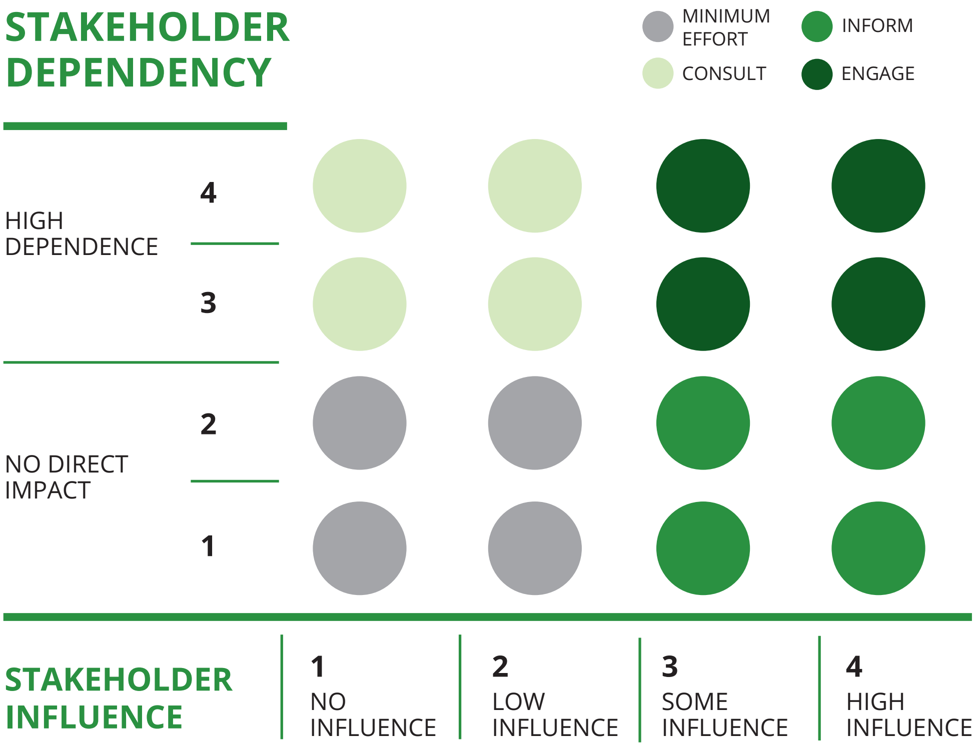


Figure 1A: Stakeholder Influence Matrix

STAKEHOLDER PRIORITIZATION	LEVEL OF ENGAGEMENT	ENGAGEMENT STRATEGIES
	MINIMUM EFFORT	• Keep these stakeholders sufficiently informed. • Provide stakeholders with access to feedback channels.
	CONSULT	• Keep these stakeholders sufficiently informed and engage when needed to ensure no issues are arising. • Honour commitments made through company policy, industry best practice and applicable regulations. • Endeavour to keep stakeholders satisfied insofar as the costs and benefits allow.
	INFORM	• Ensure these stakeholders' concerns are proactively addressed as they may be involved in the processes as needed.
	ENGAGE	• These are stakeholders the Group fully engages and collaborates with, to find solutions to issues and make the greatest efforts to keep satisfied.

Figure 1B: Legend for Stakeholder Influence Matrix

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

NO.	STAKEHOLDER GROUP	LEVEL OF ENGAGEMENT	METHOD OF ENGAGEMENT
1	Industry Players	Minimum Effort	• ESG Reports are available for their viewing • Contact information are available in the internet (e.g. company website)
2	Customers	Inform	• Written correspondence • Customer satisfaction survey • Monitor non-compliances • Suggest products that are more green or sustainable
3	Employees	Engage	• Workshops, briefings and trainings • Employee handbook • Company policies • Grievance and whistleblowing channels • Team-building events
4	Government and Regulators	Inform	• Written correspondence • Submission of statutory reports • Monitor regulation changes
5	Local Communities	Minimum Effort	• ESG Reports are available for their viewing • Contact information are available in the internet (e.g. company website) and project signboards
6	Shareholders or Investors	Consult	• Board Meetings • Executive Committee Meetings • Meetings with investors (e.g. bankers) • Presentation sessions
7	Vendors	Engage	• Written correspondence • Performance evaluation form • Data Collection Form • Site meetings, briefings and trainings • Notices and signages within site compound

Figure 2: Results of Stakeholder Assessment and Engagement Methods

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

4. MATERIALITY ASSESSMENT

The SWG has assessed the materiality of each ESG subject area, aspect and KPI listed in the Guide, using the materiality assessment matrix (see Figure 3). As a result, some KPIs under the Guide's "comply or explain" provisions have been determined to be immaterial to the Group's business and hence are not measured and disclosed in this report. They are explained in Figure 4. Meanwhile, some KPIs under the Guide's "Recommended Disclosures" have also been excluded from this report. They are listed in Figure 5.

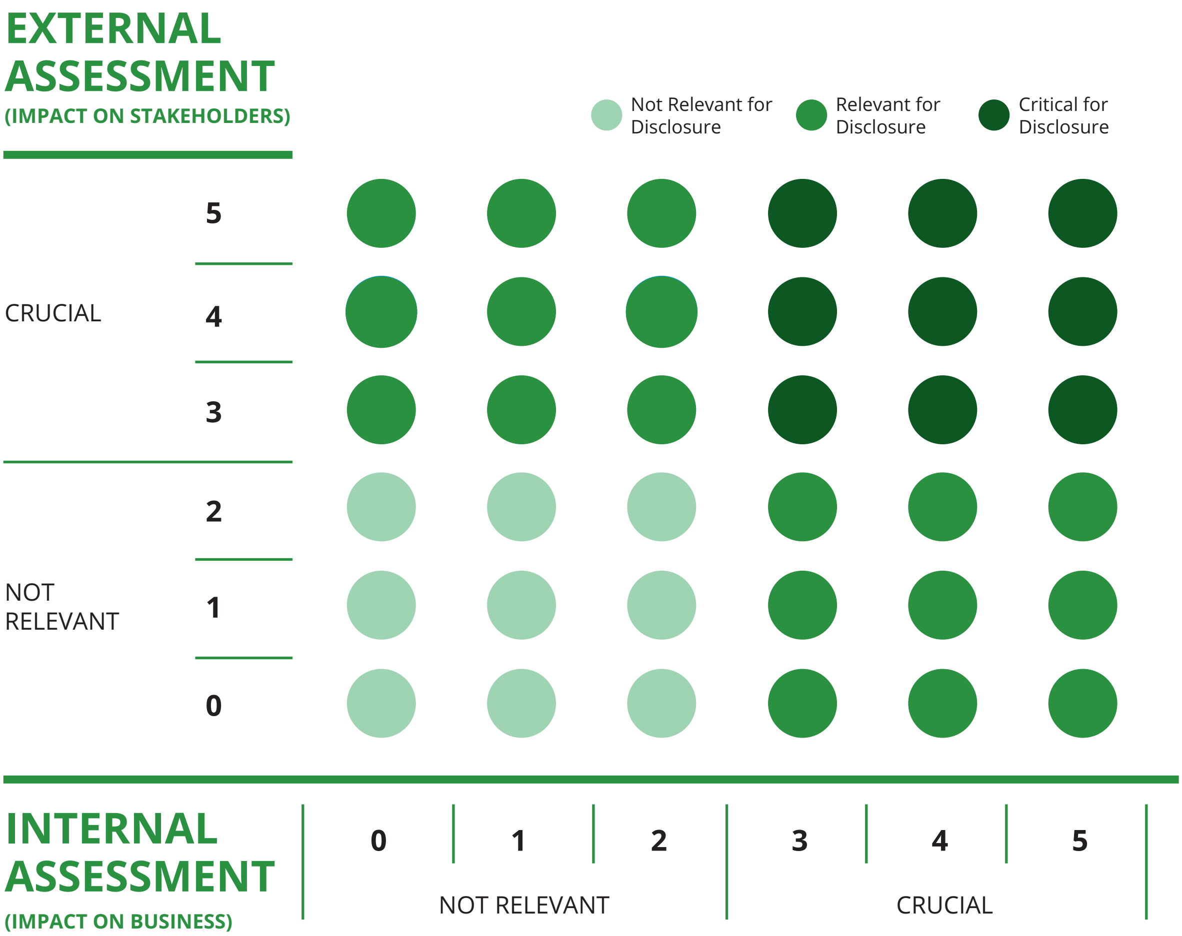


Figure 3: Materiality Assessment Matrix

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

ASPECT OR KPI NO.	COMPONENT UNDER THE "COMPLY OR EXPLAIN" PROVISIONS THAT IS NOT REPORTED	WHY IT IS NOT REPORTED
A1.1	Emission data from gaseous fuel consumption.	The Group uses a very insignificant amount of gaseous fuel.
A1.2	Hydrofluorocarbons ("**HFC**") and perfluorocarbons ("**PFC**") emissions from refrigeration/air-conditioning.	The head offices of the Group use a centralized chilled-water air-conditioning system that does not require HFC or PFC as refrigerants. Other locations use very insignificant amount of refrigerant.
	GHG emissions from electricity used for processing sewage by government departments.	The amount of sewage produced from the Group's operations is very insignificant, as most of the fresh water used by the Group goes into the public drainage system.
A2.5	Total packaging material used for finished products per unit produced.	The completed works of the Group do not require packaging. Although the Group sometimes protect the finished parts with materials such as paper, plastic, and plywood, these are usually salvaged from construction wastes.
B6	Information on policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to advertising and labelling.	The Group does not advertise or label its products or services.

Figure 4: Unreported KPIs under the "Comply or Explain" Provisions of the Guide and Their Explanations

ASPECT OR KPI NO.	COMPONENT UNDER THE "RECOMMENDED DISCLOSURE" PROVISIONS THAT IS NOT REPORTED
B5.1	Number of suppliers by geographical region.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
B6.2	Number of products and service related complaints received and how they are dealt with.
B6.4	Description of quality assurance process and recall procedures.
B8.2	Resources contributed (e.g. money or time) to the focus area of community investment.

Figure 5: Unreported KPIs under the "Recommended Disclosure" of the Guide

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

5. SUSTAINING TOGETHER: ENVIRONMENTAL ASPECTS

5.1. Aspect A1: Emissions and Wastes

Policies and Targets

The Group has an emission reduction policy that describes its strategies to reduce the emission of air pollutants and GHG. The strategies include incorporating greener options into the selection of company vehicles; maintaining efficient vehicles and machinery; choosing eco-friendly workspaces, systems and fittings; conscious use of air-conditioning, electricity and paper; conscious arrangements of business air travels; selection of major vendors whose warehouses or factories are closer to project sites; and setting up rainwater harvesting systems at project sites.

The Group also has a waste reduction policy that describes its strategies to reduce its hazardous and non-hazardous wastes. The strategies include reducing the spillage of hazardous waste by using methods like dip trays and bund walls, reducing the use of hazardous substances by exploring alternatives, as well as reducing, reusing, and recycling products that result in non-hazardous wastes.

Laws and Regulations

There are currently no laws or regulations in Malaysia that govern the emission of GHG, although many of the Group's clients have embarked on their own emission reduction initiatives thus requiring the Group to follow suit. Emission of air pollutants and handling of hazardous and non-hazardous wastes are governed by the Malaysian Environmental Quality Act 1974, with which the Group complies.

Air Pollutants

In accordance with the Environmental KPI Guide, air pollutants refer to nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**"), and particulate matter ("**PM**"). The main sources of air pollutants in the Group's operations are construction machinery and motor vehicles used for employee commuting and transporting goods. Figure 6 below shows the amount and intensity of air pollutants emitted by the Group's operations during the Year.

Amount of air pollutants	4.92 tonnes
Amount of air pollutants per CFA	4.00 grammes/m^2

Figure 6: Air Pollutants Emitted by the Group's Operations During the Year

Greenhouse Gases

In accordance with the Environmental KPI Guide, GHG emissions refer to the sum of carbon dioxide ("**CO_2**") emission and the CO_2 equivalent emissions of methane ("**CH_4**") and nitrous oxide ("**N_2O**"). GHG emissions are categorized into direct emissions and indirect emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

The main sources of direct emission of GHG in the Group's operations are motor vehicles used for employee commuting and transporting goods, as well as machinery and power generators for construction activities. The main sources of indirect emission of GHG in the Group's operations are the use of purchased electricity, paper waste disposed at landfills, electricity used for processing fresh water by government departments, and business air travels by employees. On the other hand, indirect GHG emission is also off-set by the removal of GHG from the trees newly planted by the Group in one of the Group's community events during the Year (see section "Aspect B8: Community Investment" of this report).

The Group does not purchase gas fuel for its operations, while the amount of electricity used for processing sewage is negligible because almost all of the fresh water consumed by the Group's operation does not go into the sewerage system.

Figure 7 below shows the amounts and intensity of GHG emitted by the Group's operations during the Year.

Direct GHG emissions due to mobile and stationary combustion (motor vehicles, machinery and power generators)	3,689.57 tonnes
Indirect GHG emissions due to consumption of purchased electricity	1,125.51 tonnes
Other indirect GHG emissions due to paper waste disposed at landfills, electricity used for processing fresh water and business air travel by employees	66.54 tonnes
Total GHG removed from trees planted	11.50 tonnes
Total GHG emissions	**4,870.12 tonnes**
Total GHG emissions per CFA	**0.00434 tonnes/m^2**

Figure 7: GHG Emitted by the Group's Operations During the Year

Hazardous Wastes

Hazardous wastes from the Group's operations are mainly unwanted hazardous substances, contaminated soil due to spillage, empty drums or containers previously contained hazardous substances, and contaminated rags such as cloths, gloves and other garments. Hazardous substances include but are not limited to diesel oil, lubricants, paints, and coating. Figure 8 below shows the amount and intensity of hazardous wastes produced by the Group's operations during the Year.

Hazardous Wastes Produced by Project Sites	400.20 tonnes
Hazardous Wastes Produced by Project Sites per CFA	0.00033 tonnes/m^2

Figure 8: Hazardous Wastes Produced by the Group's Operations During the Year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

Non-Hazardous Wastes

Non-hazardous wastes that may result from the Group's operations include all other domestic and construction wastes like paper, plastics, wood, and metal. Figure 9 below shows the amount and intensity of non-hazardous wastes produced by the Group's operations during the Year.

Non-Hazardous Wastes Produced by Project Sites	6,894.13 tonnes
Non-Hazardous Wastes Produced by Project Sites per CFA	0.00561 tonnes/m^2

Figure 9: Non-Hazardous Wastes Produced by the Group's Operations During the Year

5.2. Aspect A2: Use of Resources

The Group's head offices are located in a building that applies green designs such as a centralized chilled-water air-conditioning system, motion-sensing lighting system, and plenty of natural ventilation and lighting. Majority of the lighting used inside the Group's offices are LED lamps. In addition, the Group promotes conscious use of resources by putting up signage and issuing reminders to its employees to switch off unused lights and air-conditioners, turn off water taps after use, and do not leave computers switched-on overnight.

The Group has also repackaged its energy efficiency initiatives by adopting the new "Sustaining Together" slogan, revamping relevant signage, and extending the initiatives to include project sites.

Energy Consumption

The Group consumes energy in the form of electricity for both its office and worksite. It also consumes energy generated from diesel oil for construction machinery. Whenever possible, the Group taps into the existing electricity supply network to power worksite operations to minimize the usage of diesel oil which emits more GHG. Figure 10 below shows the amounts and intensities of energy consumed by the Group's operations during the Year.

Energy Consumed by Project Sites (purchased electricity and diesel oil)	16,028,380.10 kWh
Energy Consumed by Project Sites (purchased electricity and diesel oil) per CFA	13.04 kWh/m^2
Energy Consumed by Offices (purchased electricity)	132,178.00 kWh
Energy Consumed by Offices (purchased electricity) per Floor Area	47.07 kWh/m^2

Figure 10: Energy Consumed by the Group's Operations During the Year

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

Water Consumption

The Group consumes water for its worksite construction activities. The amount of water used at its offices are very insignificant and immeasurable as the head offices share the building's public restrooms. Figure 11 below shows the amount and intensity of water consumed by the Group's worksite operations during the Year.

Fresh Water Consumed by Project Sites	132,010.20 m^3
Fresh Water Consumed by Project Sites per CFA	0.107 m^3/m

Figure 11: Water Consumed by the Group's Worksite Operations During the Year

5.3. Aspect A3: The Environment and Natural Resources

As part of the clients' requirement, some of the Group's activities involved clearing lands, exposing slopes, and handling of hazardous substances that, if leaked, will contaminate the surrounding environment. Heavy vehicles are also prone to tracking mud and silt. Large amounts of water are needed for cleaning activities which are crucial for maintaining a safe and healthy workplace as well as to deliver good quality works. Construction sites are also notorious for producing wastes that, if not well contained, will also pollute the surroundings.

At the high level, the Green Ocean Builder ("**G.O. Builder**") model had been adopted, where the Group used more efficient methods to reduce construction time, and used natural resources responsibly. The Group applied the industrialized building system ("**IBS**") which involves prefabricating building components off-site in a better-controlled environment. As a result, on-site activities were simplified and shortened, which resulted in significant reduction in environmental impacts and wastes, less cleaning, as well as reduced energy and water consumption.

In addition, the Group also provides more localized systems and protections such as slope protection, dip trays and bund walls to contain hazardous spillage, washing bays for heavy vehicles, rainwater harvesting, solar-powered floodlights, on-site recycling collection, and ample waste bins. Where relevant, these systems and protections adhere strictly to requirements of the Malaysian Department of Environment under the Ministry of Environment and Natural Resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

6. PROSPERING TOGETHER: SOCIAL ASPECTS

6.1. Aspect B1: Employment

The Group strives to provide its employees with decent working environments with fair opportunities to grow with the Group. During the Year, all of the Group's employees were based in Malaysia. Therefore, the Group adopts employment policies that comply with the Malaysian Employment Act 1955 and Malaysian Industrial Relations Act 1967 (and their latest amendments), among other Malaysian laws and regulations that govern employment practices.

Beyond these, the Group has other provisions including but not limited to:

1. A merit-based and structured compensation system where employees' remuneration packages are tied closely to their level of experience, qualifications, and performance.

2. A transparent and systematic employee performance appraisal process where employees' contributions to the Group are timely and duly recognized and rewarded with.

3. Fair and non-discriminatory recruitment and promotion systems where candidates are given equal consideration and opportunities to be hired, tasked with assignments, and promoted (i.e. merit-based). *See Note A*

4. Reasonable working hours and rest periods.

5. Equal opportunities, diversity and anti-discrimination policies at the workplace that are fair to the major races and religions of Malaysia.

6. Benefits and welfare such as annual and sick leave entitlement, medical and dental fees reimbursements, gym memberships, marriage and bereavement allowances, and insurance coverage that are above and beyond the minimum statutory requirements.

7. Fair dismissal provisions where employees are fully informed of their rights with respect to termination of employment. The Group takes great measures to ensure dismissal cases are handled ethically, sensitively, and cordially, as well as in accordance with standard operating procedures.

8. A clear and well-communicated employee grievances procedure where employees have free and convenient access to high-level management and the human resources department to channel their grievances.

Note A: Construction services being one of the Group's main core business, it is natural that a larger percentage of the Group's employees are males.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

During the Year, the total workforce and turnover rates by gender and age group are as shown in Figures 12 to 15 below.

Gender	No. of Employees
Female	110
Male	317

Figure 12: Average Number of Employees in the Year (by Gender)

Age (Years)	No. of Employees
18 to 30	191
31 to 40	131
41 to 50	65
Above 50	38

Figure 13: Average Number of Employees in the Year (by Age Group)

Gender	Turnover Rate
Female	1.21%
Male	2.23%

Figure 14: Average Monthly Employee Turnover Rate in the Year (by Gender)

Age (Years)	Turnover Rate
18 to 30	2.44%
31 to 40	1.77%
41 to 50	1.14%
Above 50	1.73%

Figure 15: Average Monthly Employee Turnover Rate in the Year (by Age Group)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

6.2. Aspect B2: Health and Safety

The Group's Environment, Safety and Health ("**ESH**") Division is dedicated to managing all health and safety matters of its employees at the workplace. It strives to provide a healthy and safe working environment in the corporate office as well as project sites. A comprehensive set of policies and procedures on safety and health is strictly enforced by a team of qualified safety and health officers, supported by dedicated safety and health personnel, that form the Group's ESH Division.

At the baseline, the Group complies with the latest safety and health laws and regulations including but not limited to the Malaysian Occupational Safety and Health Act 1994, Malaysian Factories and Machinery Act 1967, and Malaysian Construction Industry Development Board ("**CIDB**") Act 1994.

Some of the Group's provisions for safety and health include but are not limited to:

1. Provision of personal protective equipment for all employees.

2. Training on good workplace safety and health practices that are tailored specifically to the nature of work and working environment.

3. Training on ergonomic habits and practices at the workplace.

4. Ample safety and health signage at offices and sites.

5. Inclusion of other organizations' employees and workers in the Group's safety and health programmes to increase the programmes' effectiveness.

6. Adequate first-aid boxes at all offices and sites.

In FY2018, the number of work-related fatalities and lost days due to work injury are shown in Figure 16 below.

No. of Work-Related Fatalities in the Year	1*
No. of Lost Days Due to Work Injury in the Year	0

Figure 16: Work-Related Fatalities and Lost Days due to Work Injury in the Year

*Note (*): A sub-contractor's worker at D'Pristine Medini project site fell from the 17th floor of the building under construction after unsafely removing a portion of the safety hard barricades (that were installed along the exterior perimeter on every high floor) and climbed out to a scaffolding without safety harness. Since the accident, the ESH Division has reviewed the Hazard Identification, Risk Assessment and Risk Control ("**HIRARC**"), and conducted special training on working from height where the importance of proper safety procedures and personal protective equipment were emphasized.*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

6.3. Aspect B3: Development and Training

Development and training are some of the main functions under the Group's human resource department. The Group has systematic procedures to determine the training and development needs of each employee. The Group sponsors its employees to attend training courses as well as continuous professional development courses which enables them to upgrade their knowledge and skills.

During the Year, the percentage of employees trained and average training hours completed per employee by gender and employee category are shown in Figures 17 to 20 below.

Gender	Percentage of Employees Trained
Female	45.72%
Male	10.45%

Figure 17: Percentage of Employees Trained in the Year (by Gender)

Category	Percentage of Employees Trained
Management	28.32%
Executive	17.80%
Non-Executive	20.43%

Figure 18: Percentage of Employees Trained in the Year (by Category)

Gender	Average Training Hours Per Employee
Female	5.03
Male	6.44

Figure 19: Average Training Hours Completed per Employee in the Year (by Gender)

Category	Average Training Hours Per Employee
Management	7.46
Executive	5.49
Non-Executive	4.13

Figure 20: Average Training Hours Completed per Employee in the Year (by Category)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

6.4. Aspect B4: Labour Standards

The Group has a strict policy against employing illegal child labour and forced labour in line with the Children and Young Persons Employment Act 1966 of Malaysia. It ensures that all of its employees work voluntarily for the Group and are not intimidated or threatened to enforce employment.

The Group does not employ any persons under the age of 18. The Group holds concise and verified records of its employees. It is a pre-requisite for all prospective employees to provide the Group with official and certified true copies of documented evidence of date of birth.

Employees may voice out any contravention to this policy via employee grievances and whistleblowing procedures as set out in the Group's employee handbook. The Group also requires its suppliers and sub-contractors to sign a declaration of compliance with this policy. If the Group discovers that its supplier or sub-contractor employs illegal child labour or forced labour, the Group will instruct the supplier or sub-contractor to cease the use of illegal child labour or forced labour immediately, report the supplier or sub-contractor to the relevant authorities, and blacklist the said supplier or sub-contractor from all future projects.

6.5. Aspect B5: Supply Chain Management

During vendor selection, the Group considers the distance that the supplier will travel to deliver items to project sites especially when the items will be delivered at high frequencies while weighing other feasibility factors such as product specifications, vendor performance, and after-sales service.

Most products used by the Group for construction projects are in accordance with its clients' specifications, in which case the Group is usually not in the position to decide whether such products are used or not. However, whenever the Group is in the position to decide so, and subject to feasibility, the Group will use environmentally friendly products sourced from responsible suppliers. The Group also promotes the use of such environmentally friendly products to its clients and consultants.

6.6. Aspect B6: Product Responsibility

Quality, Health and Safety

The Group deploys a dedicated team of quality assurance and quality control ("**QAQC**") personnel that ensures construction and installation works are carried in accordance with clients' specifications. The Group's ESH Division, on the other hand, ensures construction services are carried out in a safe and healthy manner. The Group also has in place a quality management system ("**QMS**") certified under ISO 9001:2015 that aims to consistently achieve client satisfaction. Client complaints are properly recorded and monitored until such actions have been taken to address said complaints. Root cause analysis is also carried out to prevent the recurrence of complaints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

Intellectual Property Rights

The Group observes and protects its clients' intellectual property rights in accordance with intellectual property laws and regulations such as the Malaysian Copyright Act 1987, Patents Act 1983 and Trade Marks Act 1976. As per the Group's written policy, it is committed to respecting the intellectual property of others, and requires its employees, consultants, professional service providers, sub-contractors and other agents to use legal and ethical resources to prevent the tainting of the Group's operations with improper introduction of proprietary information of third parties.

Privacy Rights

The Group has a personal data protection policy that complies with the Malaysian Personal Data Protection Act 2010. The Group ensures its stakeholders are clearly informed of this policy by issuing a copy of the said policy to its clients, and publishing it on the company's website.

The policy includes information on the type of personal data that the Group may collect, why and how the personal data are collected, the parties with whom the Group may share the personal data, the possible transfer of personal data outside of Malaysia, the choices the Group offers its stakeholders, responsibilities on personal data protection, retention period, and stakeholders' consent.

The Group assures its stakeholders that personal data collected are wholly for the purpose of properly carrying out its obligations to its stakeholders, that it does not unnecessarily disclose personal data to third parties, that it protects personal data with its best endeavours, and that its stakeholders have options to control how their personal data are used.

6.7. Aspect B7: Anti-Corruption

The Group complies with the Malaysian Anti-Corruption Commission Act 2009. It has in place an anti-bribery and anti-corruption policy which forms part of the Group's employee handbook. This is intended to set out minimum standards to assist such persons in recognizing circumstances which may lead to or give the appearance of corruption or unethical business conduct.

In addition, the Group has in place a whistleblowing policy as part of its employee handbook which explains the provision of a secure whistleblowing channel for its employees that leads directly to the Group's compliance officer. The policy also protects whistleblowers against unfair dismissal, victimization or unwarranted disciplinary action even if the concerns turn out to be unsubstantiated.

As of 30 September 2018, there has been no confirmed non-compliance incidents related to bribery, extortion, fraud and money laundering within the Group.

Subsequent to its listing on the Stock Exchange, the Group has established contact with Hong Kong's Independent Commission Against Corruption ("**ICAC**") since February 2018 to guide the Group and its directors towards stronger corporate governance with a special focus on anti-bribery and anti-corruption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

7. CARING TOGETHER

7.1. Aspect B8: Community Investment

The Group believes in giving back to the local community and helping to improve their livelihood and sustainability. The Group's community investment initiatives during the Year are described in the remaining parts of this section.

Sponsored Advertisements in Publications by Local Organisations

As a display of awareness on its role in contributing to the wellbeing and safety of the community, the Group participated in the sponsorship of two publications of the **Peninsular Malaysia Firefighters and Rescuers Union Newsletters** ("**Berita KPBPSM**"), i.e. the January 2018 issue and National Day 2018 issue, and obtained a corporate advertisement column in each respective publication. Berita KPBPSM focuses on educating the general public on fire safety and prevention, in hopes of achieving the 'Zero Fire' goal by the government.

The Group also endorses sports as an important catalyst in enhancing community development and improving quality of life. The Group sponsored RM5,000 to the Taekwon-Do Association of the Pahang State in hosting the **2018 Taekwon-Do MGTF Black Belt National Championship** which was held in Kuantan Parade, Pahang, on 17 to 19 August 2018 in conjunction with Malaysia's 61st National Day celebration, and received a corporate advertisement column in a special magazine issue for the championship.

Visits to Orphanage and Senior Homes

Visit to the **House of Joy** orphanage is almost a yearly event for the Group. During the Year, it took place on 15 December 2017. The House of Joy is a private non-profit charitable home that provides shelter, care, and training for orphans, children and teens who are underprivileged, abused, abandoned, and neglected. Besides children, the House of Joy also shelters and cares for some underprivileged senior citizens.

Visit to House of Joy on 15 December 2017

On 9 February 2018, the Group visited **Rumah Victory** (Victory House) which is a senior home sponsored by local churches and the general public. Besides providing shelter and care to the elderly, Rumah Victory is also a non-profit organisation, established in 1988, that provides community services such as drug eradication and rehabilitation. This welfare-based organisation aspires to offer a new hope for a victorious life for those who were misguided and in need.

Visit to Rumah Victory on 9 February 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

On 25 May 2018, the Group visited **Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas** (Al-Ikhlas Senior Care Centre) ("**Al-Ikhlas**"). Al-Ikhlas is a senior home established and run by a retired nurse who used to be the head nurse of a local government hospital. The home was initially set up to accommodate senior citizens abandoned at the hospital where she worked. Now, the home is occupied by over 60 residents, most of which still came from the same government hospital while others were sent there by relatives.

Visit to Rumah Jagaan & Rawatan Orang Tua Al-Ikhlas on 25 May 2018

Through these visits, the Group hoped to bring a measure of warmth, cheer and goodwill to the residents and at the same time and to inspire its employees to nurture a kinder future. The Group also hoped to help lessen the burden of the caretakers and managers of the home by means of donations in cash and in kind.

Recycling Station

Since 26 March 2018, the Group has sponsored the design, fabrication, installation, management and maintenance of a recycling station that caters for the entire office building where the Group's head office is located. The bin is emptied every month and the response has been very encouraging as it has helped reduce the company's indirect emission of GHG due to paper usage.

Sponsorship for Breast Cancer Prevention Awareness Charity Dinner

On 31 March 2018, the Group sponsored RM10,000.00 for the Breast Cancer Prevention Awareness Campaign Charity Gala Dinner hosted by Eventers Management & Services. This event was held to raise funds for the Breast Cancer Welfare Association ("**BCWA**") in support of its awareness campaign efforts as well as providing aid and support to breast cancer patients. Some of the Group's employees also attended the Gala Dinner as a show of their moral support for this social cause.

The Group's employees showing their support at the BCWA Charity Gala Dinner on 31 March 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

World Autism Awareness Day

On 2 April 2018, the Group joined the world in recognising the World Autism Awareness Day to raise awareness about people with Autism Spectrum Disorder, where its employees at the Group's head office dressed up in blue-coloured outfits for the day.

Employees dressing up in blue for World Autism Awareness Day on 2 April 2018

Blood Donation Drives at One City, Subang Jaya

On 27 April 2018, the Group organised its first blood donation drive in collaboration with the National Blood Centre and gained positive response from both the Group's employees and the general public, receiving blood donations from 77 donors. Following the first successful attempt, the Group decided to organise a second one on 5 October 2018 and managed to collect blood donations from 37 donors.

First blood donation drive on 27 April 2018

Second blood donation drive on 5 October 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

Mangrove Tree-Planting at Kapar Forest Reserves

On 11 August 2018, the Group had its first community engagement project with the Selangor Forestry Department in the Kapar Forest Reserves near Remis Beach. Over 40 employees of the Group joined the Selangor Forestry Department to plant 500 mangrove trees of the *Rhizophora mucronata* (loop-root) and *Rhizophora apiculata* species. This noble effort aimed to preserve and conserve the natural environment especially the mangrove trees that help maintain the ecosystem of the coastline.

Employees planting mangrove trees at the Kapar Forest Reserves on 11 August 2018

Teratak Semai – Self-Build Housing Community Project for Orang Asli

From 31 August 2018 to 2 September 2018, ten employees of the Group joined Universiti Putra Malaysia ("**UPM**") in the self-build housing community project called Teratak Semai at Tapah, Perak. The project, helmed by UPM, aims to build safe and comfortable houses for the Semai tribe in the aborigines (Orang Asli) villages of Tapah.

Employees working on the Teratak Semai project from 31 August 2018 to 2 September 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For The Year Ended 30 September 2018

7.2. Employee Care

As with previous years, the Group via its human resources department and sports club, had organised a range of activities and programmes during the Year for its employees. These activities are described in the following photos and captions.

Monthly birthday celebrations

Dodgeball game at Jump Street Asia, Petaling Jaya, on 7 October 2017

Treasure Hunt at Paya Indah Wetland, Dengkil, on 31 March 2018

Team building retreat at Gopeng, Perak on 14 and 15 April 2018

Escape Room at Times Square, Kuala Lumpur on 15 July 2018

Free ice-cream for Employees on Ice Cream Day at One City, Subang Jaya on 27 August 2018

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PRACTICES

BGMC International Limited ("**Company**") is committed to fulfilling its responsibilities to its shareholders ("**Shareholders**") and protecting as well as enhancing Shareholders' value through good corporate governance. The Company has adopted and adhered to the principles in the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**" and "**Listing Rules**", respectively), as its code of good corporate governance, which the board of directors of the Company ("**Directors**" and "**Board**", respectively) recognises as essential to the success of the Company.

The Board periodically reviews and continues to enhance the Company's corporate governance policies and practices, and the Company has complied with all the applicable code provisions as set out in the CG Code throughout the financial year ended 30 September 2018 ("**Year**").

2. BOARD OF DIRECTORS

2.1 Roles and Responsibilities

The main roles and responsibilities of the Board are to establish overall strategies, policies and business directions of the Company and its subsidiaries ("**Group**"), to review and monitor financial performances, 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 Board has delegated the day-to-day operation of the Group to the executive Directors and the senior management of the Group. Such day-to-day operation includes execution of the business plans, strategies and policies adopted by the Board.

In addition, the Board has established Board committees as described in the section entitled "Board Committees" below, and has delegated key responsibilities to these Board committees as set out in their respective terms of reference.

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 to enable the Board as a whole and each Director to discharge their duties.

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

2.2 Composition of the Board

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

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**")

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

Three INEDS make up more than one-third of the Board. One of the INEDs, 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, an executive Director and 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 Year 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, and the roles and functions of each Director is also maintained on the respective websites of Stock Exchange and the Company.

The Company reviews 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 Company will set out the change and the updated information regarding such Directors in the next published annual report and interim report of the Company (as the case maybe).

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

CORPORATE GOVERNANCE REPORT

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

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 is given in a reasonable time in advance. At least three days prior to any regular Board meeting or such other period as agreed for other Board meetings, all Directors are given draft agenda and the accompanying board papers for all matters for deliberation and resolution at the meetings. The Directors are allowed to include into the draft agenda any additional matters that they wish to discuss and resolve at the meetings.

The company secretary of the Company ("**Company Secretary**") is responsible to prepare and circulate the abovementioned draft agenda and board papers. The Company Secretary is also responsible for keeping all Board meetings' minutes recorded in sufficient detail of the matters considered and decisions reached. Draft and final versions of the minutes are 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 Director 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 deliberating and voting on the resolution to avoid any conflict of interests.

Five Board meetings and one annual general meeting of the Company ("**AGM**") were held during the Year and up to the date of this annual report. The attendance of each Director at the Board meetings and the AGM is as follows:

	Attendance at Board Meeting Held on:					Attendance at the AGM Held
Name of Directors	28 December 2017	23 March 2018	21 May 2018	27 August 2018	18 December 2018	on 26 February 2018
Executive Directors						
Tan Sri Barry Goh *(Chairman)*	Present	Present	Present	Present	Present	Present
Dato' Arifin *(Vice-chairman)*	Present	Present	Present	Present	Present	Present
Dato' Michael Teh *(Chief Executive Officer)*	Present	Present	Present	Present	Present	Present
Ir. Azham Malik	Present	Present	Present	Present	Present	Present
INEDs						
Tan Sri Kong	Present	Present	Present	Present	Present	Present
Ms. Chan	Present	Present	Present	Present	Present	Present
Mr. Ng	Present	Present	Present	Present	Present	Present

CORPORATE GOVERNANCE REPORT

2.4 Induction and Continuing Professional Development

On the first occasion of each Director's appointment, the Company will arrange a formal, comprehensive and tailored induction to each Director 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 statute and common law, the Listing Rules, other legal and regulatory requirements and the Company's business and governance policies.

The Company has from time to time arranged relevant trainings at the Company's expense to all Directors to develop and refresh their duties and responsibilities. One such training was delivered by CG Board Asia Pacific on 21 May 2018, and was titled "Raising the CG Bar in Your Organisation to Meet the Hong Kong Corporate Governance Code 2012".

All Directors have provided the Company with records of the trainings attended by them during the Year. According to the training records maintained by the Company, the types of trainings received by each of the Directors during the Year are summarised as follows:

Name of Directors	Type of Trainings
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

2.5 Chairman and Chief Executive Officer

During the Year 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. 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.

CORPORATE GOVERNANCE REPORT

3. 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 AGM (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 and not aware of any unfavourably reported incidents, 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 during the Year and up to date of this annual report.

During the Year, the Chairman, being an executive Director, held one meeting with the INEDs without the presence of other executive Directors.

4. 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 list of members of the four Board committees are as follows:

	Board Committees' Composition			
Name of Directors	**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.

CORPORATE GOVERNANCE REPORT

4.1 Audit Committee

The Board has established an Audit Committee with written terms of reference that complies with the CG Code, which has been published on the respective websites of the Stock Exchange and the Company. The principal roles and functions of the Audit Committee include but are not limited to:

i. Overseeing the engagement of internal and external auditors, and approving their remuneration and terms of engagement;

ii. Reviewing and monitoring the internal and external auditors' independence and objectivity and the effectiveness of the audit scope, process, and report;

iii. 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;

iv. Monitoring and reviewing the adequacy and effectiveness of the Company's policies and procedures regarding internal controls, and any statement concerning internal controls to be included in the annual financial statements prior to endorsement by the Board;

v. Monitoring 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;

vi. 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;

vii. Ensuring coordination between the internal and external auditors and that the internal audit function has appropriate standing within the Company and within the Group;

viii. Reviewing the management's response to the internal and external auditors' findings and recommendations, and ensuring that the Board will provide a timely response to the issues raised;

ix. If required, overseeing the engagement and approval of the remuneration of any accounting firm to perform an external review on the effectiveness of its designed control objectives and control activities, and review and approve any report produced; and

x. Reviewing and approving the assessment of the framework of controls put in place to mitigate corruption risks.

CORPORATE GOVERNANCE REPORT

During the Year, the Audit Committee had performed the following works:

i. Reviewed the appointment and remuneration of Crowe Governance Sdn. Bhd. ("**Crowe**") as the Group's outsourced internal auditors.

ii. Reviewed the appointment and remuneration of Deloitte PLT ("**Deloitte**") as the Group's external auditors.

iii. Reviewed the appointment and remuneration of Deloitte Tax Services Sdn. Bhd. for the non-audit services provided to the Group.

iv. Reviewed the audit plans, scopes, methods and reporting formats proposed by Crowe and Deloitte.

v. Reviewed the internal and external audit reports by Crowe and Deloitte respectively, and the management's response to the reported findings.

vi. Reviewed the adequacy of qualified accountants in the Group.

vii. Reviewed the continuing connected transactions conducted by the Group.

viii. Reviewed the interim and annual financial statements, reports, and results announcement of the Group for the Year prior to publication.

ix. Reviewed the internal controls policies and procedures across the Group, including those for accounting and reporting.

x. After due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

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

	Attendance at Audit Committee Meeting Held on:				
Name of Directors	**28 December 2017**	**23 March 2018**	**21 May 2018**	**27 August 2018**	**18 December 2018**
Mr. Ng *(Chairman)*	Present	Present	Present	Present	Present
Ms. Chan	Present	Present	Present	Present	Present
Tan Sri Kong	Present	Present	Present	Present	Present

CORPORATE GOVERNANCE REPORT

4.2 Remuneration Committee

The Board has established a Remuneration Committee with written terms of reference that complies with the CG Code, which has been published on the respective websites of the Stock Exchange and the Company. The principal roles and functions of the Remuneration Committee include but are not limited to:

i. 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;

ii. Establishing guidelines for the recruitment of the Chief Executive Officer and the senior management;

iii. Recommending to the Board the policy and structure for the remuneration of the Directors and senior management whilst ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;

iv. In consultation with the Chairman and/or the Chief Executive Officer, determining the remuneration of executive Directors and senior management, including benefits in kind, pension right, and compensation payment.

v. 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;

vi. Determining the criteria for assessing employee performance, which reflect the Company's business objectives and targets;

vii. 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

viii. Engaging such external professional advisors to assist and/or advise the Committee on issues as it considers necessary.

During the Year, the Remuneration Committee had performed the following works:

i. Reviewed the performance of individual executive Directors and senior management, and recommended their discretionary bonus and remuneration package.

ii. Reviewed the remuneration of non-executive Directors.

iii. Reviewed the Group's remuneration policy and annual bonus policy.

iv. Reviewed the management's analysis on performance bonus funding methods, and its underlying principles and metrics to be used.

v. Reviewed the remuneration bands of Directors and the senior management.

vi. After due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee held two meetings during the Year and up to the date of this annual report. The attendance of each Director at the meetings is as follows:

Name of Directors	Attendance at Remuneration Committee Meeting Held on: 28 December 2017	18 December 2018
Ms. Chan *(Chairwoman)*	Present	Present
Tan Sri Barry Goh	Present	Present
Mr. Ng	Present	Present

4.3 Nomination Committee

The Board has established a Nomination Committee with written terms of reference that complies with the CG Code, which has been 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:

i. Reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to implement the Company's corporate strategy;

ii. Identifying and nominating candidates to fill casual vacancies of the Directors for the Board's approval;

iii. Assessing the independence of the INEDs and reviewing the INEDs' annual confirmations on their independence;

iv. Disclosing its review results in the corporate governance report of the annual report of the Company; and

v. Reviewing succession planning for the Chairman, the Chief Executive Officer as well as the senior management, considering 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 Year, the Nomination Committee had performed the following works:

i. Reviewed the structure, size and diversity of the Board. No changes were recommended in view that the Board's composition is still in line with the Company's corporate strategy.

ii. Reviewed the confirmation of independence by the INEDs.

iii. Reviewed the re-election of the retiring Directors at the AGM held on 28 February 2018.

iv. Reviewed the time commitment of the Directors for performance of their responsibilities.

v. Reviewed the Company's succession plan for the Board.

vi. After due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

CORPORATE GOVERNANCE REPORT

The Nomination Committee held two meetings during the Year and up to the date of this annual report. The attendance of each Director at the meetings is as follows:

	Attendance to Nomination Committee Meeting Held on:	
Name of Directors	**28 December 2017**	**18 December 2018**
Tan Sri Kong *(Chairman)*	Present	Present
Ms. Chan	Present	Present
Dato' Michael Teh	Present	Present

4.4 Risk Committee

The Board has established a Risk Committee with written terms of reference that complies with the CG Code. The principle roles and functions of the Risk Committee include but are not limited to:

i. Advising the Board on the Group's risk appetite and risk principles;

ii. Advising the Board on other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals;

iii. Overseeing risk management framework and reviewing its effectiveness;

iv. Approving the Group's risk policies and risk tolerance;

v. Considering emerging risks relating to the Group's business and strategies;

vi. Reviewing risk reports and breaches of risk tolerances and policies;

vii. Reviewing the Group's capital adequacy and solvency levels; and

viii. Monitoring stress testing results of the Group's key risk exposures.

During the Year, the Risk Committee had performed the following works:

i. Reviewed the appointment and remuneration of Crowe as the Group's risk management consultant.

ii. Reviewed enterprise risk management ("**ERM**") reports by Crowe.

iii. Reviewed a risk analysis report for a new business segment of the Group.

iv. Reviewed the Group's risk management policies.

v. After due deliberation, recommended the appropriate outcomes of the above reviews for the Board's approval.

CORPORATE GOVERNANCE REPORT

The Risk Committee held five meetings during the Year and up to the date of this annual report. The attendance of each Director at the meetings is as follows:

Name of Directors	Attendance at Risk Committee Meeting Held on: 28 December 2017	23 March 2018	21 May 2018	27 August 2018	18 December 2018
Dato' Arifin *(Chairman)*	Present	Present	Present	Present	Present
Dato' Michael Teh	Present	Present	Present	Present	Present
Mr. Ng	Present	Present	Present	Present	Present
Ms. Chan	Present	Present	Present	Present	Present
Tan Sri Kong	Present	Present	Present	Present	Present

5. BOARD DIVERSITY POLICY

The Company has a Board Diversity Policy whereby it 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 for 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 Year and as at the date of this annual report, the Board comprises seven Directors, one of which is a female. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

	Age Group				Ethnicity	
Name of Director	30 to 39	40 to 49	50 to 59	Above 60	Chinese	Malay
Tan Sri Barry Goh			✓		✓ (Malaysian)	
Dato' Arifin			✓			✓ (Malaysian)
Dato' Michael Teh	✓				✓ (Malaysian)	
Ir. Azham Malik			✓			✓ (Malaysian)
Tan Sri Kong				✓	✓ (Malaysian)	
Ms. Chan			✓		✓ (Malaysian)	
Mr. Ng		✓			✓ (Hong Kong Resident)	

CORPORATE GOVERNANCE REPORT

	Educational Background				Professional Experience			
Name of Director	Engineering	Law	Accountancy	Science and/ or Others	Construction	Public Service	Law	Auditing and Finance
Tan Sri Barry Goh	✓				✓			
Dato' Arifin				✓	✓			
Dato' Michael Teh		✓			✓			
Ir. Azham Malik	✓				✓			
Tan Sri Kong				✓		✓		
Ms. Chan		✓					✓	
Mr. Ng			✓	✓				✓

6. CORPORATE GOVERNANCE FUNCTIONS

The Board recognises that the Directors should be collectively responsible for the corporate governance duties. Such duties include but are not limited to:

i. Developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

ii. Reviewing and monitoring the training and continuous professional development ("**CPD**") of the Directors and senior management;

iii. Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

iv. Developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

v. Reviewing the Company's compliance with the CG Code and disclosure in this report.

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

CORPORATE GOVERNANCE REPORT

7. INDEPENDENT AUDITOR'S REMUNERATION

Deloitte has been engaged as the Group's independent auditor for the Year.

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

Services	Fee paid/payable RM
Statutory audit services	448,000
Accounting review services	100,000
Tax compliance and advisory services	79,000
Review of continuing connected party transactions	20,000
Review of annual results announcement for the Year	15,000
Total	**662,000**

7.1 Directors' Responsibility for the Financial Statements

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the annual and interim reports, 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, such that they give a true and fair view of the state of affairs of the Group. The Board also confirms that the Company has an effective process for financial reporting and compliance with the Listing Rules.

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Company. In preparing the financial statements for the Year, the Directors have, with sufficient information provided by the senior management for an informed assessment, 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.

CORPORATE GOVERNANCE REPORT

8. 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 9 August 2017 ("**Listing Date**"), while 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.

9. 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	3

CORPORATE GOVERNANCE REPORT

10. 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 Year. No incident of non-compliance with the Securities Code by the Directors and relevant employees was noted by the Company.

11. 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 as soon as reasonably practical when it is the subject of a decision. The procedures and internal controls for handling and dissemination of inside information are as follows:

i. 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;

ii. 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;

iii. The Group has strictly prohibited the unauthorised use of confidential or inside information; and

iv. 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.

CORPORATE GOVERNANCE REPORT

12. COMPANY SECRETARY

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.

12.1 Constitutional Documents

There was no change in the constitutional documents of the Company during the Year. A copy of the latest version of the Company's Memorandum and Articles of Association is available on the respective websites of the Stock Exchange and the Company.

13. SHAREHOLDERS' RIGHTS

13.1 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.

13.2 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 ("**Requisitionist(s)**") at the principal place of business of the Company in Hong Kong (presently 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 Requisitionist(s), his/her/their shareholding in the Company, the reason(s) to convene an EGM and the proposed agenda.

The Company will check the Requisition and the identity and shareholding of the Requisitionist(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 Requisitionist(s) at the EGM within two months after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Requisitionist(s) 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 Requisitionist(s) at the EGM.

CORPORATE GOVERNANCE REPORT

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 reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

13.3 Procedures for Shareholders to Send Enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them by post to the principle place of business of the Company in Hong Kong (presently at 31/F, 148 Electric Road, North Point, Hong Kong) 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:

i. The matters within the Board's purview to the executive Directors;

ii. The matters within a Board committee's area of responsibility to the chairman of the appropriate committee; and

iii. Ordinary business matters, such as suggestions, enquiries and client complaints to the appropriate management of the Company.

13.4 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. General meeting is a main channel of communications between the Directors and the Shareholders. Other channels include 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.

For 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.

CORPORATE GOVERNANCE REPORT

14. 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.

15. RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Company's risk management and internal control system. The 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 has established an organisation structure with defined levels of responsibility in the Company's risk management and internal control system. On the strategic level, the Board, via its Risk Committee, determines the strategic objectives of the Group's business, and sets the risk appetite for the Group. The Group's risk management working group, which consists of the Chief Executive Officer as the chairman and the senior management as well as the manager of internal control and risk management division of the Group ("**ICRM Division**"), then determines and evaluates the associated financial, operation, reporting and compliance risks and their corresponding mitigation plans. The entire process and its outcome are documented and reviewed by the Risk Committee at least four times in every year.

During the Year, the Group has appointed Crowe to facilitate the implementation of ERM, with the intention of establishing the right culture and setting the appropriate pace for the Group to continue the ERM habit independently in the following years.

The Group has also outsourced its internal audit function to Crowe, who works closely with the ICRM Division to carry out quarterly internal control audits on the Group. Such internal control audits covered periods of 12 months preceding the start of the audit cycle, and focuses on up to two business segments or operations of the Group. The Audit Committee has approved an audit plan that would cover all functions of the Group within one year from the appointment of Crowe. The reports, findings, and their corresponding management's response are presented quarterly to the Audit Committee meetings for its review and approval. In addition, the Audit Committee and the Risk Committee also review the Groups' risk management and internal control policy at least once a year.

As such, the Board confirms that during the Year 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 risk management and internal control systems of the Group and considers them adequate and effective.

DIRECTORS' REPORT

The directors of the Company ("**Directors**") are pleased to present the audited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the year ended 30 September 2018 ("**Year**" and "**Consolidated Financial Statements**", respectively).

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries during the Year are set out in Note 27 to the consolidated financial statements.

GROUP REORGANISATION AND GLOBAL OFFERING

The Company was incorporated on 18 November 2016 ("**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 of the shares of the Company ("**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), 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 have been listed on the Main Board of the Stock Exchange since 9 August 2017 ("**Listing Date**").

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 30 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 that have occurred since the end of the Year are set out on pages 60 and 61 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 the risks.

DIRECTORS' REPORT

Principal Risks

Other than the financial risk management objectives and policies which are set out in Note 30 to the consolidated financial statements, the Group is also exposed to principal risk factors including environmental, safety, health and security risk, labour supply risk, and building maintenance risk.

Principal risks	Descriptions	Key mitigation measures

Environmental, safety, health and security risk	The Group's operations are heavily based at construction sites, which inherently have potential hazards on the safety and health of the workers, the well-being of the environment, and the security of the sites and their components.
	
	Any environmental, safety, health and security accidents or incidents may adversely affect the Group's operations and profitability due to financial losses and damages, loss of reputation, and loss of time.
		• Purchase sufficient insurance policies that cover site personnel, works and materials and third parties.
		• Incorporate the requirements of Occupational Safety and Health Act of Malaysia, and other relevant regulations into the Group's standard operating procedures.
		• Effectively implement the said standard operating procedures to ensure their objectives are met. This include:
		  • Deploying qualified safety officers and supervisors.
		  • Providing ample personnel protective equipment and first aid kits.
		  • Conducting safety training.
		  • Maintaining proper housekeeping.

Labour supply risk	Construction industry is highly labour intensive and the Group relies on a stable supply of labour to carry out its projects.	• Adopt work methods and technologies which are less labour intensive, such as utilisation of plants and equipment, and Industrialised Building System. • Outsource labour work to more sub-contractors having their own workers. • Diversify to projects which are less labour intensive.
Building maintenance risk	In general, the maintenance teams under the Groups' elevator division as well as Build, Lease, Maintain and Transfer projects usually require round-the-clock service and in the case of Universiti Teknologi MARA ("**UiTM**") campus, face periodic peak seasons where extra manpower is required due to their annual academic semesters. Such atypical manpower requirements require a unique set of manpower recruitment and management practices.	• Set up a 24-hour maintenance department for the Group's elevator division. • Employ contract/short-term staff to assist during peak periods and improve standard operation procedures to cater for such peak periods.

DIRECTORS' REPORT

PARTICULARS OF IMPORTANT EVENTS AFTER REPORTING PERIOD

Save as disclosed in this annual report, since 30 September 2018, 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.

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 details of ESG set out in the Environmental, Social and Governance Report are set out on pages 19 to 40 of this annual report.

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 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

In the ordinary course of business, a subsidiary, Built-Master Engineering Sdn Bhd ("**BME**"), awarded a sub-contract for electrical work to a third party. The said sub-contract was subsequently terminated by BME due to breach of certain terms and conditions of the sub-contract on the part of the third party. The third party initiated a legal action against BME claiming the balance payment of RM733,292 on the basis that the termination was wrongful. In the opinion of the Directors, after taking appropriate legal advice, the outcome of such action is remote and therefore, no provision have been made in the financial statements. The contingent liabilities are set out in Note 34 while the corporate guarantees for obligations under finance lease and borrowings of the Group during the Year are set out in Notes 22 and 23 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 20 to the consolidated financial statements.

DIRECTORS' REPORT

USE OF NET PROCEEDS FROM THE LISTING

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date by way of a Hong Kong public offering and an international placing of a total of 450,000,000 Shares at HK$0.70 each. 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 2018 as follows:

Use of net proceeds	Net proceeds (RM million)	Use of proceeds from the Listing Date up to 30 September 2018 (RM million)	Unused amount (RM million)	Unused amount (Percentage)
Financing for new projects	93.0	76.7	16.3	17.5%
Acquisition of additional machineries and equipment	35.8	8.6	27.2	75.9%
Working capital	14.3	14.3	–	0%
Total	143.1	99.6	43.5	30.4%

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 85 of this annual report and in the accompanying Notes to the consolidated financial statements.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**"), provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors it may deem relevant at such time. Any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the articles of association of the Company ("**Articles of Association**") and the Shareholders.

DIRECTORS' REPORT

The Board intends to recommend an annual dividend payment at a target payout ratio of no less than 30% of the Group's consolidated net profit for distribution to the Shareholders for the then financial year, subject to the criteria set out in the Dividend Policy.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

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 88 of this annual report.

As at 30 September 2018, the Company had reserves amounting to approximately RM108,706,000 (2017: RM129,214,000) available for distribution as calculated based on the Company's share premium and accumulated retained profit under applicable laws in the Cayman Islands.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment totalling approximately RM6.9 million (2017: RM32.0 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)*

Independent non-executive Directors (the "INEDs"):

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

Pursuant to article 108(a) of the Articles of Association, at each annual general meeting of the Company ("**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, Ir. Azham Malik, Ms. Chan May May and Mr. Ng Yuk Yeung will retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

DIRECTORS' REPORT

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'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the section headed "Group Reorganisation and Global 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 or associates was a party and in which any Director or controlling shareholder (as defined in the Listing Rules) of the Company or an entity connected with him/her had a material interest, whether directly or indirectly, subsisted at 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 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 adoption of the Share Option Scheme and therefore, there were no outstanding share options as at 30 September 2018 and no options were exercised or cancelled or lapsed during the Year.

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 Rules Governing the Listing of Securities on the Stock Exchange ("**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.

DIRECTORS' REPORT

(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.

(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.

(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.

(e) Maximum number of underlying Shares comprised in 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 the Company (including both exercised and outstanding options) to each Eligible Participant (subject to the following paragraph) 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;

DIRECTORS' REPORT

(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.

Options cannot be granted to a substantial shareholder or any INED or their respective associates (as defined in the Listing Rules) resulting in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue on the date of grant; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each 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 our 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.

(g) 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.

(h) Minimum period for which an Option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Board.

DIRECTORS' REPORT

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

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong ("**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer ("**Model Code**') set out in Appendix 10 to the Listing Rules were as follows:

Interests in the Shares

Name of Directors	Capacity/Nature of interest	Interests in Shares *(Note 1)*	Percentage of shareholding *(Note 3)*
Tan Sri Barry Goh *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Michael Teh *(Note 1)*	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Arifin *(Note 2)*	Interest of a controlled corporation	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

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

*As at 30 September 2018, the 1,208,250,000 Shares interested by them in aggregate consisted of (i) 864,000,000 Shares beneficially owned by Prosper International Business Limited ("**Prosper International**") which in turn is beneficially and wholly owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially owned by Seeva International Limited ("**Seeva International**") which in turn is beneficially and wholly owned by Dato' Michael Teh. Each of Tan Sri Barry Goh and Dato' Michael Teh is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.*

*(2) The entire issued share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin, and therefore, Dato' Arifin is deemed to be interested in all the 141,750,000 Shares held by Kingdom Base under provisions of SFO.*

(3) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2018.

DIRECTORS' REPORT

Interest in the Shares of Associated Corporations

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

Save as disclosed above, as at 30 September 2018, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as the Directors or the chief executive of the Company are aware of, as at 30 September 2018, 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	1,208,250,000 (L)	67.1%
Seeva International *(Note 1)*	Beneficial owner and interests held jointly with another person	1,208,250,000 (L)	67.1%
Kingdom Base	Beneficial owner	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

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

As at 30 September 2018, the 1,208,250,000 Shares interested by them in aggregate consisted of (i) 864,000,000 Shares beneficially owned by Prosper International, which in turn is beneficially and wholly owned by Tan Sri Barry Goh; and (ii) 344,250,000 Shares beneficially owned by Seeva International, which in turn is beneficially and wholly owned by Dato' Michael Teh. Each of Prosper International and Seeva International is deemed to be interested in all the Shares held or deemed to be held by Tan Sri Barry Goh and Dato' Michael Teh in aggregate by virtue of the SFO.

(2) These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at 30 September 2018.

DIRECTORS' REPORT

Save as disclosed above, so far as the Directors or the chief executive of the Company are aware of, as at 30 September 2018, no corporation/person (not being a Director or the chief executive officer 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

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 acquisitions of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance in order to achieve sustainable development and enhance corporate performance especially in areas of internal controls, fair disclosure and accountability to all shareholders. Details about the principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 41 to 58 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 alone, 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.

DIRECTORS' REPORT

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.

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 is not aware of any unfavourably reported incident. Therefore, it considers all the INEDs to be independent for the Year and thereafter up 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 business during the Year 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 has undertaken, jointly and severally, to the Company that he/it would not, and would procure his/its close associates and/or companies controlled by the respective Controlling Shareholders not to, directly or indirectly, either on his/its 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.

DIRECTORS' REPORT

Despite the fact that Tan Sri Barry Goh had acquired his interests with effect from the end of June 2018 in B&G Capital Resources Berhad ("**B&G Capital**") and its subsidiaries (collectively "**B&G Capital Group**"), the Board was satisfied that the business undertaken by B&G Capital Group was not in a competing business with the Company or its subsidiaries, taking into account the differences in various aspects including products and services, external revenue source, customers, suppliers, management as well as strategy, growth and expansion plan. The following table sets forth a brief summary of the major differences between the business of the Group and that of the B&G Capital Group, which illustrates the business delineation between them:

Areas in business operation	The Group	B&G Capital Group
Products/Services	• Principally engaged in the provision of construction services in Malaysia	• Principally engaged in property development in Malaysia
External revenue source	• Principally from the provision of various construction services, which accounted for approximately 98.4% for the financial year ended 30 September 2017	• Principally from sales of self-developed property projects, which accounted for approximately 91.7% for financial year ended 30 June 2017, while external revenue derived from construction activities accounted for approximately 3.2% for the financial year ended 30 June 2017
Customers	• Principally property developers in Malaysia, i.e. Sime Darby Group, MRCB Group, SP Setia Group, Tenaga Nasional Berhad, Pelaburan Hartanah and B&G Capital Group	• Principally property purchasers and investors who are normally individuals and companies, schools and/or end users
Suppliers	• Principally suppliers of construction materials, machineries providers and sub-contractors which engage in specific construction works in Malaysia	• Principally architects, engineers, construction service companies similar to the Group and sub-contractors which engage in specific construction works in Malaysia
Management	• No overlapping of senior management with the B&G Capital Group with the exception of Tan Sri Barry Goh being the Chairman and Executive Director of the Group	• No overlapping of senior management with the Group with the exception of Tan Sri Barry Goh being the Chairman and Executive Director of B&G Capital Group
Strategy, growth and expansion plan	• Continue to focus, grow and expand its construction services business in Malaysia and to seek opportunities to expand into overseas markets	• Continue to focus, grow and expand its property development in Malaysia without any current plan for overseas expansion

DIRECTORS' REPORT

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 2018.

RELATED PARTIES TRANSACTIONS

Details of the related parties transactions are set out in the Note 31 to the consolidated financial statements. None 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.

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 and its subsidiaries 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**").

B&G Capital Group was restructured and with effect from end June 2018 and up to the date of this annual report, B&G Capital was owned as to (i) 22.6% by Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd which was owned as to 99.0% by Tan Sri Barry Goh. Accordingly, B&G Capital was 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 on the Listing Date and up to the year ending 30 September 2019.

DIRECTORS' REPORT

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 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million	Financial year ended 30 September 2018 RM million
The B&G Construction Services	106.4	163.0	268.6	249.9

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 ended 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 RM70.0 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 RM120.0 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.

DIRECTORS' REPORT

Given that each of the applicable percentage ratios, set out in Rule 14.07 of the Listing Rules, applied for determining the classification of a transaction under the Listing Rules (the "**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. ("**Correct Lifestyle**") 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 were not limited to kitchenware, tiles, sanitary wares or other construction materials ("**Supplies**").

B&G Capital had disposed of its shares in Correct Lifestyle to third parties in May 2018. Despite the fact that Correct Lifestyle was disposed of by B&G Capital, as at 21 July 2017 and up to the date of this annual report, B&G Capital was owned as to (i) 22.6% by Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd, which was owned as to 99.0% by Tan Sri Barry Goh.

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 on 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 Supplies from the B&G Capital Group:

	Transaction amounts			
	Financial year ended 30 September 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million	Financial year ended 30 September 2018 RM million
The Supplies	Nil	5.5	16.5	10.1

DIRECTORS' REPORT

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 ended 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 the 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 RM5.0 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 RM10.0 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 were 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**").

As at 1 October 2017 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 on the Listing Date and up to the year ending 30 September 2019.

<u>Transaction amounts</u>

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 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million	Financial year ended 30 September 2018 RM million
The Electrical Works	1.0	2.9	8.1	1.6

<u>Annual caps and basis of determination</u>

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 ended 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 RM3.0 million for its existing construction projects with the B&G Capital Group, which were scheduled to be completed by 30 September 2019; and (ii) the projected amount of approximately RM3.0 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.

C. Exempt continuing connected transactions

Training services by Kingsley Professional

The Group required training services from Kingsley Professional Centre Sdn. Bhd. ("**Kingsley Professional**") for its staff. During the Year, the Group continued to require training services from Kingsley Professional, which included but were not limited to the provision of team building activities or other technical or soft skill training ("**Training Services**").

As at 1 October 2017 and up to the date of this annual report, Kingsley Professional was owned as to 100% by Kingsley Edugroup Berhad (Malaysia), an indirect wholly owned subsidiary of Kingsley Edugroup Limited ("**Kingsley**") (stock code: 8105) whose shares were listed on GEM of the Stock Exchange on 16 May 2018. Kingsley was owned jointly 69% by Tan Sri Barry Goh, a Controlling Shareholder and Dato' Danny Goh, the brother of a Controlling Shareholder. Accordingly, Kingsley Professional was an associate of Tan Sri Barry Goh and thus a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Transaction amounts

During the following financial years, the Group incurred the following amounts of purchases for the Training Services from Kingsley Professional:

	Transaction amounts			
	Financial year ended 30 September 2015 RM million	Financial year ended 30 September 2016 RM million	Financial year ended 30 September 2017 RM million	Financial year ended 30 September 2018 RM million
The Training Services	Nil	34,352.5	43,999.0	31,875.0

DIRECTORS' REPORT

The terms of the purchases for the Training Services have been arrived at after arm's length negotiations between the Company and Kingsley Professional, by reference to the prevailing market terms chargeable by other providers comparable with Kingsley Professional. For future Training Services to be provided by Kingsley Professional, the Group will compare the terms offered by Kingsley Professional with at least two comparable quotations from independent third parties before entering into the relevant transaction to ensure that the purchases for the Training Services will be conducted on normal and commercial terms. The Group's transactions with Kingsley Professional during the Year were and the Group expects that the same will be immaterial and less than HK$3.0 million per year in the subsequent years.

Given that each of the Applicable Percentage Ratios in respect of the Training Services was/was expected to be less than 0.1% on an annual basis, the transactions contemplated under the Training Services are fully exempted from the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the Prospectus, the Company had applied for, and the Stock Exchange had granted, a waiver from strict compliance with (i) the announcement requirement as set out in Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions contemplated under the Master Supply Agreement and the Master EXA Agreement; and (ii) the announcement and independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules for the Master B&G Construction Agreement subject to the abovementioned respective annual caps not being exceeded and that the Company will comply with Chapter 14A of the Listing Rules in relation to the abovementioned non-exempt continuing connected transactions.

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 10.2% of the total purchases of the Group for the Year. (2017: less than 14.7%).

The five largest customers of the Group accounted for approximately 74.5% of the turnover of the Group for the Year (2017: less than 73%).

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 46.1% (2017: 25.9%) and 3.6% (2017: 3.6%) 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 RM0.20 million to charity communities (2017: RM0.55 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 during the Year and thereafter up to the date of this annual report as required under the Listing Rules.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out in the section headed "Five-Year Financial Summary" on page 164 of this annual report.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the draft audited Consolidated Financial Statements and annual report before presenting them to the Board for consideration and approval.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by Messrs. Deloitte PLT which would retire at the forthcoming AGM and being eligible, offers itself for re-appointment. A resolution to re-appoint Messrs. 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, 18 December 2018

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 2018, 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 85 to 163.

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 2018, 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 FOR 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.

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 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 these budgets and on justifications to any changes made to the original budgets, and compared to actual costs incurred to determine its appropriateness. • Assessed the competency of the personnel involved in the preparation and approvals over the budget setting process. • Tested creditors' invoices and their relevant supporting documents throughout the current reporting period to ascertain the validity of actual costs incurred on a sample basis. • Recomputed the stage of completion determined by the Group for revenue recognition based on actual costs incurred to-date against budgeted costs. • Tested contractors' progress claims before and after reporting period on a sample basis to ascertain that costs are taken up in the current reporting period. • 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 Group 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 RM347,463,254 and bad debts written off for the current reporting period is RM2,047,845.	Our procedures in relation to the impairment of trade receivables included: • Obtained an understanding of the Group's control over the credit and collection process and monitoring of outstanding receivables. • Tested aging of trade receivable balances at the end of the reporting period on a sample basis. • Obtained a list of long outstanding receivables and assessed the recoverability of these outstanding receivables through inquiry with the Group and with reference to historical credit trend of the customers. • Assessed the recoverability of the balances by comparing the outstanding amounts as at the end of the reporting period 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BGMC INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 Khong Siew Chin.

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

18 December 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 September 2018

	Note	2018 RM	2017 RM
Revenue	5	**515,091,225**	694,915,957
Cost of sales		**(462,829,586)**	(566,838,143)
Gross profit		**52,261,639**	128,077,814
Income from concession agreements	5	**43,077,064**	43,677,715
Other income		**2,891,032**	943,257
Administrative and other expenses		**(69,427,702)**	(75,056,689)
Other losses	6	**(3,009,929)**	(2,494,313)
Finance costs	7	**(18,633,422)**	(18,852,357)
Profit before tax	8	**7,158,682**	76,295,427
Income tax expense	9	**(7,473,089)**	(21,172,485)
(Loss)/Profit and total comprehensive income for the year		**(314,407)**	55,122,942
(Loss)/Profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**1,445,670**	54,833,458
Non-controlling interests		**(1,760,077)**	289,484
		(314,407)	55,122,942
Earnings per share			
Basic (sen)	11	**0.08**	3.87
Diluted (sen)	11	**0.08**	3.86

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	2018 RM	2017 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	**45,665,243**	49,157,711
Investment property under construction		**130,985**	–
Goodwill	14	**6,911,916**	9,244,406
Intangible assets	15	**11,267,488**	18,462,961
Trade receivables	16	**277,875,497**	281,422,452
Total Non-Current Assets		**341,851,129**	358,287,530
Current Assets			
Inventories	17	**19,299,741**	–
Trade and other receivables, deposits and prepaid expenses	16	**190,907,284**	190,221,253
Amount owing by customers for contract works	18	**216,062,823**	234,200,657
Tax recoverable		**6,923,031**	–
Fixed deposits	19	**49,426,960**	132,591,798
Cash and bank balances	19	**69,517,790**	24,056,670
Total Current Assets		**552,137,629**	581,070,378
Total Assets		**893,988,758**	939,357,908
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	20	**9,862,255**	9,862,255
Reserves	21	**319,769,444**	331,633,019
Equity attributable to owners of the Company		**329,631,699**	341,495,274
Non-controlling interests		**5,693,979**	7,454,051
Total Equity		**335,325,678**	348,949,325

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	2018 RM	2017 RM
Non-Current Liabilities			
Obligations under finance leases	22	**8,127,797**	19,272,423
Borrowings	23	**204,666,657**	223,177,728
Deferred tax liabilities	24	**9,651,351**	8,463,083
Total Non-Current Liabilities		**222,445,805**	250,913,234
Current Liabilities			
Amount owing to customers for contract works	18	**11,724,155**	24,531,615
Trade and other payables	25	**248,696,278**	256,332,500
Obligations under finance leases	22	**10,612,111**	12,564,077
Borrowings	23	**62,908,815**	31,617,724
Tax liabilities		**2,275,916**	14,449,433
Total Current Liabilities		**336,217,275**	339,495,349
Total Liabilities		**558,663,080**	590,408,583
Total Equity and Liabilities		**893,988,758**	939,357,908

The consolidated financial statements on pages 85 to 163 were approved and authorised for issue by the board of directors on 18 December 2018 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 2018

	Share capital RM	Share premium RM	Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
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 20(a) & (b))*	(94)	–	94	–	–	–	–
Deemed contribution from equity holders *(Note 21)*	–	–	65,000,000	–	65,000,000	–	65,000,000
Issue of shares in connection with Global Offering *(Note 20(e))*	2,465,564	170,123,881	–	–	172,589,445	–	172,589,445
Share issue expenses *(Note 20(e))*	–	(13,846,851)	–	–	(13,846,851)	–	(13,846,851)
Capitalisation issue *(Notes 20(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
At 1 October 2017	9,862,255	148,880,345	65,000,094	117,752,580	341,495,274	7,454,051	348,949,325
Profit/(Loss) and total comprehensive income/(loss) for the year	–	–	–	1,445,670	1,445,670	(1,760,077)	(314,407)
Contribution by non-controlling interest	–	–	–	–	–	5	5
Dividend paid *(Note 12)*	–	(13,309,245)	–	–	(13,309,245)	–	(13,309,245)
At 30 September 2018	**9,862,255**	**135,571,100**	**65,000,094**	**119,198,250**	**329,631,699**	**5,693,979**	**335,325,678**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 RM	2017 RM
OPERATING ACTIVITIES		
Profit before tax	**7,158,682**	76,295,427
Adjustments for:		
Finance costs	**18,633,422**	18,852,357
Amortisation of intangible assets	**7,195,473**	8,532,733
Depreciation of property, plant and equipment	**9,403,568**	8,004,817
(Gain)/loss on disposal of property, plant and equipment	**(1,113,800)**	1,495,388
Bad debts written off	**2,047,845**	1,254,259
Property, plant and equipment written off	**188,458**	–
Impairment of goodwill	**2,332,490**	–
Unrealised loss on foreign exchange	**379,499**	992,785
Imputed interest income from trade receivables	**(43,077,064)**	(43,677,715)
Interest income from bank deposits	**(2,415,578)**	(861,380)
Operating Cash Flows Before Movements In Working Capital	**732,995**	70,888,671
Increase in inventories	**(19,299,741)**	–
Decrease/(Increase) in trade and other receivables, deposits and prepaid expenses	**43,890,143**	(41,014,794)
Decrease/(Increase) in amounts owing by customers for contract works	**18,137,834**	(100,146,706)
(Decrease)/Increase in trade and other payables	**(17,636,222)**	56,389,512
(Decrease)/Increase in amounts owing to customers for contract works	**(12,807,460)**	1,077,977
Net Cash Generated From/(Used In) Operations	**13,017,549**	(12,805,340)
Income tax paid	**(25,645,874)**	(26,189,816)
Income tax refunded	**264,505**	–
Net Cash Used In Operating Activities	**(12,363,820)**	(38,995,156)

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 RM	2017 RM
INVESTING ACTIVITIES		
Interest received	**2,415,578**	861,380
Purchase of property, plant and equipment	**(6,615,758)**	(7,045,569)
Purchase of investment property	**(130,985)**	–
Proceed from disposal of property, plant and equipment	**2,000,000**	4,526,000
Repayment from related parties	**–**	2,219,316
Placement of restricted bank balances	**(11,824,214)**	(20,606,180)
Withdrawal of restricted bank balances	**402,000**	19,186,578
Placement of pledged and restricted fixed deposits	**(7,872,156)**	(12,032,505)
Withdrawal of pledged and restricted fixed deposits	**10,720,187**	–
Net Cash Used In Investing Activities	**(10,905,348)**	(12,890,980)
FINANCING ACTIVITIES		
Interest paid	**(18,633,422)**	(18,852,357)
Dividend paid	**(13,309,245)**	–
New borrowings raised	**154,920,866**	–
Repayment of borrowings	**(141,268,202)**	(24,041,671)
Repayment of obligations under finance leases	**(13,466,592)**	(9,409,066)
(Decrease)/Increase in bank overdrafts	**(872,644)**	4,160,761
Advances from related parties	**20,000,000**	–
Repayment to related parties	**(10,000,000)**	(3,036,820)
Contributions by non-controlling interest	**5**	–
Advances from directors	**–**	44,886,100
Repayment to directors	**–**	(18,050,730)
Proceeds from Global Offering	**–**	172,589,445
Payment of share issue expenses	**–**	(29,571,900)
Net Cash (Used In)/From Financing Activities	**(22,629,234)**	118,673,762
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(45,898,402)**	66,787,626
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**136,561,660**	70,766,819
Effect of foreign exchange rates	**(379,499)**	(992,785)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**90,283,759**	136,561,660

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2018 RM	2017 RM
Cash and bank balances	**69,517,790**	24,056,670
Fixed deposits with licensed banks	**49,426,960**	132,591,798
Less: Restricted bank balances	**(13,959,048)**	(2,536,834)
Pledged fixed deposits	**(14,701,943)**	(7,249,974)
Restricted fixed deposits	**–**	(10,300,000)
	90,283,759	136,561,660

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

	The Group RM	RM
By cash	**6,615,758**	7,045,569
By finance lease arrangements	**370,000**	21,315,684
By sales and leaseback arrangements	**–**	3,664,000
	6,985,758	32,025,253

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 of Hong Kong Limited 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 subsidiaries 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**") in the previous year, 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 Holdings Sdn. Bhd. ("**BGMC Holdings**") 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 2017, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statement of financial position of the Group as at 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Adoption of New and Revised International Financial Reporting Standards

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 2017.

Amendments to:	
IAS 7	Disclosure Initiative
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
IFRSs	Annual improvements to IFRSs 2014 – 2016 Cycle

The adoption of these new and revised IFRSs and amendments to IFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group other than the following:

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

New and Revised Standards and Amendments in issue but not yet effective

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

IFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)[1]
IFRS 15	Revenue from Contracts with Customers2 (and the related Clarifications)[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to:	
IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 3	Definition of a Business[6]
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Prepayment Features with Negative Compensation[2]
IAS 19	Plan Amendment, Curtailment or Settlement[2]
IAS 28	Long-term Interests in Associates and Joint Ventures[2]
IAS 40	Transfers of Investment Property[1]
IAS 1 and IAS 8	Definition of Material[3]
IAS 10 and IAS 28	Sales or Contribution of Assets between an Investors and its Associate or Joint Venture[5]
IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle[1]
IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[2]

Amendments to References to the Conceptual Framework in IFRS Standards[3]

[1] *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*
[2] *Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.*
[3] *Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.*
[4] *Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.*
[5] *Effective date deferred to a date to be announced by IASB.*
[6] *Effective for business combinations for which acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.*

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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 the end of each reporting period 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

IFRS 9 Financial Instruments (Continued)

- 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.

In general, the Directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provision upon application of IFRS 9 by the Group. Based on an assessment of the Group's financial instruments as at 30 September 2018, 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.

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.

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 (Continued)

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.

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 result in more disclosures, however, they do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods as the contract process, broadly similar to the method under IAS 11.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

IFRS 16 Leases (Continued)

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 2018, the Group has operating lease commitments of RM744,717 as disclosed in Note 32. 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-of-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 RM198,112 as at 30 September 2018 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 measurement, 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.

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".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 subsidiaries. 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 begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary 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.

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

Changes in the Group ownership interest in subsidiary 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. 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, 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 and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary (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 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 subsidiaries 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

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.

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 had equity interests in the acquire ae 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital work in progress is stated at cost during the period of construction and is not depreciated as it has not been ready for its intended use. Upon completion of construction, the cost will be transferred to property, plant and equipment.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Investment properties

Investment properties are properties which are owned or held under a freehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment property under construction is measured at cost.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Inventories

The cost of unsold completed units is stated at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Concession agreements

A portion of the Group's assets are used within the framework of IC Interpretation 12, Service Concession Arrangement. The characteristics of the service concession arrangement generally provide, directly or indirectly, for grantor involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

The Group constructs infrastructure used to provide service and operates and maintains that infrastructure for a specified period of time. The Group recognises and measures the construction revenue in accordance with the accounting policy for construction contracts.

The revenue for the construction or upgrade services are measured at fair value. The Group recognises concession assets arising from a service concession arrangement when it has a right to charge users of the services. A right to charge users of the service is not an unconditional right to receive cash because the amounts are contingent on the extent that the users uses the service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concession agreements (Continued)

The fair value of a concession asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided. The fair value is calculated as the estimated total construction cost plus a profit margin, which the Group evaluates and determined to be a reasonable margin earned.

Concession asset resulting from the service concession are recorded in the statement of financial position under trade receivables and are amortised using a rate of return specific to the assets to give a constant periodic rate of return on the financial asset in each period.

The construction of the facility has not commenced as of the end of the reporting period.

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.

Effective interest method

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.

Loans and receivables

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 fair value through profit or loss ("**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial liabilities

Financial liabilities (including trade and other payables, obligation under finance lease 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts (Continued)

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".

Leases

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.

The Group as lessor

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.

The Group as lessee

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 reporting period.

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 RM504,079,976 (2017: RM684,091,273) and RM457,608,057 (2017: RM555,519,365), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 2018, the Group has tax recoverable and tax liabilities of RM6,923,031 and RM2,275,916 respectively (2017: tax liabilities of RM14,449,433) and deferred tax liabilities of RM9,651,351 (2017: RM8,463,083).

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 2018, the carrying amount of goodwill is RM6,911,916 (2017: 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 CONCESSION AGREEMENTS AND SEGMENTAL INFORMATION

(a) Revenue

	2018 RM	2017 RM
Construction contract revenue	**504,079,976**	684,091,273
Supply and installation of elevators	**139,197**	306,493
Building maintenance service income	**10,872,052**	10,518,191
	515,091,225	694,915,957

Construction contract revenue recognised amounting to RM1,376,812 (2017: Nil) relates to the construction of a solar photovoltaic energy generating facility as disclosed in Note 5(b)(ii).

(b) Income from concession agreements

	2018 RM	2017 RM
Income from concession agreements – imputed interest income:		
(i) UiTM	**43,061,814**	43,677,715
(ii) REPPA	**15,250**	–
	43,077,064	43,677,715

(i) KAS Engineering Sdn. Bhd. ("**KAS Engineering**"), which became a wholly-owned subsidiary of BGMC Holdings 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Income from concession agreements (Continued)

(i) (Continued)

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.

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 RM281,084,024 (2017: RM286,617,093) as at 30 September 2018, 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% (2017: 15.1%) per annum. The imputed interest income recognised for the year ended 30 September 2018 amounted to RM43,061,814 (2017: RM43,677,715).

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 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Income from concession agreements (Continued)

(ii) During the financial year, a subsidiary, BGMC Bras Power Sdn Bhd ("**BP**") entered into a Renewable Energy Power Purchase Agreement ("**REPPA**") with Tenaga Nasional Berhad ("**TNB**") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility ("**the Facility**") with a capacity of 30MWac proposed to be located in Kedah, Malaysia to generate and deliver solar photovoltaic energy to TNB. BP will sell to TNB, and TNB will purchase from BP the Net Electrical Output generated by the Facility and delivered to TNB in exchange for energy payments as set out in the REPPA.

The REPPA is for a period of 21 years ("**the Term**") commencing upon the fulfillment of the Condition Precedent ("**CP**") set out in the REPPA and expires on the day before the 21st anniversary of the CP fulfillment date (including such day), unless otherwise extended in accordance with certain clauses or terminated in accordance with the provisions of the Agreement. Upon expiry of the Term or the earlier termination of the Agreement, TNB shall have the right to disconnect the TNB Interconnection Facility from the Facility.

The construction of the Facility has not commenced as at 30 September 2018.

The financial asset arising from the REPPA, which represents the fair value of the consideration receivable for the construction services delivered during the construction, amounted to RM1,392,062 (2017: Nil) as at 30 September 2018, and is included as trade receivables as disclosed in Note 16. Such receivable is settled over the Term of the REPPA. Since BP entitlement is to receive the energy payments resulted from construction work provided as well as the operation and maintenance of the Facility upon Commercial Operation Date, the related trade receivable was discounted over the Term using a rate of return specific to the Facility to give a constant periodic rate of return on the financial asset in each period. The imputed interest income recognised during the year ended 30 September 2018 amounted to RM15,250 (2017: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(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 infrastructure – provision of construction services in energy transmission and distribution works;

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

(iv) 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.

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

(c) Segment 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 2018

	Building and structures RM	Energy Infrastructure 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	395,645,053	40,091,882	45,164,898	21,801,331	55,325,928	139,197	558,168,289	-	558,168,289
Inter-segment revenue	-	-	80,538,144	-	-	8,585,804	89,123,948	(89,123,948)	-
Total	395,645,053	40,091,882	125,703,042	21,801,331	55,325,928	8,725,001	647,292,237	(89,123,948)	558,168,289
RESULT									
Segment results	(7,442,608)	(754,181)	6,058,974	(9,272,229)	30,112,003	(1,088,117)	17,613,842	-	17,613,842
Unallocated corporate income less expenses									(7,445,231)
Other losses									(3,009,929)
Profit before tax									7,158,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Segment information (Continued)

Segment revenue (Continued)

As at 30 September 2017

	Building and structures RM	Energy Infrastructure 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
RESULT									
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 losses									(2,494,313)
Profit before tax									76,295,427

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Segment 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 losses, and income tax expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

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

	2018 RM	2017 RM
Total segment revenue	**647,292,237**	761,536,601
Less: Inter-segment revenue	**(89,123,948)**	(22,942,929)
Less: Income from a concession agreement	**(43,077,064)**	(43,677,715)
Revenue as presented in the consolidated statement of profit or loss and other comprehensive income	**515,091,225**	694,915,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Segment information (Continued)

Segment assets and liabilities

As at 30 September 2018

	Building and structures RM	Energy Infrastructure RM	Mechanical and electrical RM	Earthworks and infrastructure RM	Concession and maintenance RM	Others RM	Sub-total RM	Elimination RM	Consolidated RM
Segment assets	459,262,314	44,176,031	60,843,943	43,070,082	309,293,340	4,557,058	921,202,768	(45,981,282)	875,221,486
Unallocated corporate assets									11,844,241
Tax recoverable									6,923,031
Total assets									893,988,758
Segment liabilities	248,891,329	23,940,634	43,113,928	36,817,402	237,912,424	5,334,722	596,010,439	(53,099,617)	542,910,822
Unallocated corporate liabilities									3,824,991
Deferred tax liabilities									9,651,351
Tax liabilities									2,275,916
Total liabilities									558,663,080

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

(c) Segment information (Continued)

Segment assets and liabilities (Continued)

As at 30 September 2017

	Building and structures RM	Energy Infrastructure 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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Segment information (Continued)

Other entity-wide segment information

As at 30 September 2018

	Building and structures RM	Energy Infrastructure 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	**6,275,343**	**635,899**	**50,380**	**–**	**14,039**	**10,097**	**–**	**6,985,758**
Amortisation of intangible assets	**5,256,163**	**–**	**1,199,901**	**264,071**	**475,338**	**–**	**–**	**7,195,473**
Depreciation of property, plant and equipment	**7,233,254**	**732,967**	**137,421**	**1,099,377**	**197,536**	**3,013**	**–**	**9,403,568**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**1,113,800**	**–**	**–**	**–**	**1,113,800**
Property, plant and equipment written off	**48,175**	**4,882**	**1,205**	**134,196**	**–**	**–**	**–**	**188,458**

As at 30 September 2017

	Building and structures RM	Energy Infrastructure 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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Segment 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:

	2018 RM	2017 RM
Customer A[1]	**237,021,576**	180,170,592
Customer B[1, 2]	**–**	106,600,047
Customer C[1, 2]	**–**	98,157,463
Customer D[1, 2]	**–**	81,422,131

1 *These customers are from the building and structures segment.*

2 *These individual customers contributed less than 10% of the total revenue of the Group in 2018.*

6. OTHER LOSSES

	2018 RM	2017 RM
Gain/(Loss) on disposal of property, plant and equipment	**1,113,800**	(1,495,388)
Impairment of goodwill	**(2,332,490)**	–
Realised loss on foreign exchange	**(1,411,740)**	(6,140)
Unrealised loss on foreign exchange	**(379,499)**	(992,785)
	(3,009,929)	(2,494,313)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FINANCE COSTS

	2018 RM	2017 RM
Interest on:		
Borrowings	**17,117,123**	17,244,060
Obligations under finance leases	**1,516,299**	1,608,297
	18,633,422	18,852,357

8. PROFIT BEFORE TAX AND STAFF COSTS

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

	2018 RM	2017 RM
Amortisation of intangible assets	**7,195,473**	8,532,733
Depreciation of property, plant and equipment	**9,403,568**	8,004,817
Bad debts written off	**2,047,845**	1,254,259
Minimum lease payments paid under operating leases in respect of official premises	**792,576**	625,846
Auditors' remuneration – statutory audit	**440,000**	440,000
Listing expenses (included in administrative and other expenses)	**106,583**	15,725,049
Property, plant and equipment written off	**188,458**	–
Imputed interest income from trade receivables	**(43,077,064)**	(43,677,715)
Interest income from bank deposits	**(2,415,578)**	(861,380)
Bad debts recovered	**(784,352)**	–
Staff costs	**36,852,594**	28,752,230
Directors' emoluments *(Note 10)*	**2,815,610**	1,139,265
Total staff costs	**39,668,204**	29,891,495

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 2018 amounted to RM3,738,453 (2017: RM2,950,480).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INCOME TAX EXPENSE

	2018 RM	2017 RM
Malaysia Corporate Income Tax:		
Current year	**4,164,533**	18,183,388
Underprovision in prior years	**2,120,288**	2,163,436
	6,284,821	20,346,824
Deferred tax *(Note 23)*:		
Current year	**2,662,923**	7,017,820
Overprovision in prior years	**(1,474,655)**	(6,192,159)
	1,188,268	825,661
	7,473,089	21,172,485

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

	2018 RM	2017 RM
Profit before tax	**7,158,682**	76,295,427
Statutory tax rate in Malaysia	**24%**	20% and 24%
Tax at applicable statutory tax rate	**1,718,084**	18,310,902
Tax effects of:		
Expenses not deductible for tax purposes	**3,687,917**	6,943,168
Income not taxable for tax purposes	**(204,190)**	(2,300)
Deferred tax assets not recognised	**1,625,645**	–
Underprovision of estimate tax expense in prior years	**2,120,288**	2,163,436
Overprovision of deferred tax liabilities in prior years	**(1,474,655)**	(6,192,159)
Others	**–**	(50,562)
	7,473,089	21,172,485

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Directors and chief executive

For the year ended 30 September 2018

	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	–	456,000	228,000	–	684,000
Dato' Teh Kok Lee *(Note b)*	–	442,000	216,000	54,000	712,000
Dato' Mohd Arifin bin Mohd Arif	–	444,000	222,000	54,000	720,000
Ir. Azham Malik bin Mohd Hashim	–	240,000	120,000	5,850	365,850
	–	1,582,000	786,000	113,850	2,481,850
Non-executive Directors					
Tan Sri Dato' Seri Kong Cho Ha	111,253	–	–	–	111,253
Chan May May	111,253	–	–	–	111,253
Ng Yuk Yeung	111,254	–	–	–	111,254
	333,760	–	–	–	333,760
	333,760	1,582,000	786,000	113,850	2,815,610

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 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:

(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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Directors and chief executive (Continued)

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 executive 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.

Employees

The five highest paid employee of the Group during the year included three (2017: two) existing director, details of whose emoluments are set out above. Details of the emoluments of the remaining two (2017: three) highest paid employees who are neither an existing director nor chief executive of the Company for the year ended 30 September 2018 and 30 September 2017 are as follows:

	2018 **RM**	**2017** **RM**
Basic salaries, allowances and benefits in kind	**551,023**	649,500
Bonus	**120,000**	253,500
Contribution to defined contribution plan	**78,437**	108,684
	749,460	1,011,684

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

	2018	**2017**
Nil to HK$1,000,000 (RM530,000)	**2**	5
HK$1,000,000 to HK$2,000,000 (RM530,000 to RM1,060,000)	**3**	–

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. EARNINGS PER SHARE

	2018	2017
Basic (sen)	**0.08**	3.87
Diluted (sen)	**0.08**	3.86

Basic

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

	2018 RM	2017 RM
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**1,445,670**	54,833,458

	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	**1,800,000,000**	1,350,000,000
Effect of issue of new shares	**–**	65,342,466
At end of year	**1,800,000,000**	1,415,342,466

The weighted average number of ordinary shares in issue during the year ended 30 September 2017 has 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

	2018 RM	2017 RM
Profit for the year attributable to the owners of the Company for the purpose of diluted earnings per share	**1,445,670**	54,833,458

	Number of shares	Number of shares
Weighted average number of ordinary shares	**1,800,000,000**	1,415,342,466
Effect of dilution:		
Over-allotment of shares	**–**	5,547,945
Adjusted weighted average number of ordinary shares	**1,800,000,000**	1,420,890,411

There is no diluted earnings per share in 2018 as there is no potential ordinary shares in issue during the current reporting period.

The diluted earnings per share for 2017 has been calculated by dividing the profit for 2017 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.

12. DIVIDENDS

A final dividend in respect of the financial year ended 30 September 2017 of HK$0.015 per ordinary share, in an aggregate amount of HK$27,000,000 (RM13,309,245) has been proposed by the Board on 28 December 2017 and approved by the Shareholders in the annual general meeting on 26 February 2018. The final dividend has been paid through distribution of the Company's share premium on 27 March 2018.

The Directors do not recommend any dividends payment in respect of the current reporting period.

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 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/ 1 October 2017	61,580	1,224,907	50,070,640	6,328,775	356,403	58,042,305
Additions	166,845	581,049	5,839,618	396,946	1,300	6,985,758
Disposals	–	–	(984,000)	(1,000)	–	(985,000)
Write offs	(18,780)	(271,634)	(670,957)	(1,926,952)	(138,200)	(3,026,523)
At 30 September 2018	**209,645**	**1,534,322**	**54,255,301**	**4,797,769**	**219,503**	**61,016,540**
Accumulated depreciation						
At 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/ 1 October 2017	20,450	481,480	5,223,031	3,028,665	130,968	8,884,594
Additions	27,354	477,437	7,312,477	1,538,597	47,703	9,403,568
Disposals	–	–	(98,400)	(400)	–	(98,800)
Write offs	(4,938)	(271,634)	(499,740)	(1,926,952)	(134,801)	(2,838,065)
At 30 September 2018	**42,866**	**687,283**	**11,937,368**	**2,639,910**	**43,870**	**15,351,297**
Carrying values						
At 30 September 2018	**166,779**	**847,039**	**42,317,933**	**2,157,859**	**175,633**	**45,665,243**
At 30 September 2017	41,130	743,427	44,847,609	3,300,110	225,435	49,157,711

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 2018 is approximately RM29,192,000 (2017: RM35,864,000) and sales and leaseback arrangement are approximately RM2,345,000 (2017: RM3,527,000).

14. GOODWILL

	2018 RM	**2017 RM**
At beginning of year	**9,244,406**	9,244,406
Impairment during the year	**(2,332,490)**	–
At end of year	**6,911,916**	9,244,406

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

	2018 RM	**2017 RM**
BGMC Corporation Sdn. Bhd.	**6,911,916**	6,911,916
Built-Master Elevator Engineering Sdn. Bhd. ("**BMEE**")	**–**	49,130
Built-Master Engineering Sdn. Bhd. ("**BME**")	**–**	1,261,353
Headway Construction Sdn. Bhd. ("**HC**")	**–**	1,022,007
	6,911,916	9,244,406

As at 30 September 2018, the Directors performed a review of the recoverable amounts of goodwill and concluded that the recoverable amounts pertaining to CGU of BMEE, BME and HC less than their respective carrying amounts plus goodwill allocated. Accordingly, the related goodwill had been impaired and recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. GOODWILL (CONTINUED)

As at 30 September 2017, the Directors 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 the Directors covering a 2 year period (2017: 2 year period). The cash flows from the third to fifth year period in 2018 are prepared based on best estimate of the Directors taking into account existing secured contracts and estimation of contracts to be secured during that period. (2017: extrapolated using a constant growth rate).

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

	2018		2017	
	Growth rate for cash flows between third and fifth years	Discount rates applied	Growth rate for cash flows between third and fifth years	Discount rates applied
CGUs				
BGMC Corporation Sdn. Bhd.	**4.40%**	**13.46%**	3%	12.60%
Built-Master Elevator Engineering Sdn. Bhd.	**4.60%**	**13.61%**	3%	12.60%
Built-Master Engineering Sdn. Bhd.	**0.80%**	**15.43%**	3%	12.60%
Headway Construction Sdn. Bhd.	**4.60%**	**16.35%**	3%	12.60%

(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.

(b) Discount rates

The discount rates applied to the cash flow projections are pre-tax and reflect the weighted average cost of capital of the 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 CGU plus allocated goodwill to materially exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INTANGIBLE ASSETS

	2018 RM	2017 RM
At beginning of year	**18,462,961**	26,995,694
Amortisation made	**(7,195,473)**	(8,532,733)
At end of year	**11,267,488**	18,462,961

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 RM3,186,728 (2017: RM9,906,862) represents right on the unbilled portion of construction contracts secured when BGMC Holdings acquired its subsidiaries in 2016 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; and

(ii) Rights to management service income amounting to RM8,080,760 (2017: RM8,556,099) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	2018 RM	2017 RM
Trade receivables:		
Third parties	**345,169,724**	350,018,810
Related parties	**2,293,530**	28,855,867
	347,463,254	378,874,677
Retention receivables:		
Third parties	**52,791,484**	36,661,593
Related parties	**41,963,612**	32,048,501
	94,755,096	68,710,094
Other receivables:		
Third parties	**15,643,026**	13,576,757
Related parties	**5,491**	5,491
	15,648,517	13,582,248
Refundable deposits	**8,412,090**	5,645,381
Prepaid expenses	**2,406,411**	3,393,996
Goods and services tax receivable	**97,413**	1,437,309
	468,782,781	471,643,705
Analysed for reporting purposes as:		
Current assets	**190,907,284**	190,221,253
Non-current assets	**277,875,497**	281,422,452
	468,782,781	471,643,705

Note: Included in trade receivables from third parties are receivables arising from concession agreements amounted to RM282,476,086 (2017: RM286,617,093) at 30 September 2018.

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 (2017: 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 RM2,047,845 (2017: RM1,254,259) as bad debts.

The credit period on retention receivables is 24 months (2017: 24 months) after completion of construction.

Details of trade receivables arising from the concession agreement and renewable energy power purchase agreement are set out in Note 5(b)(i) and Note 5(b)(ii).

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.

	2018 **RM**	**2017** **RM**
0 – 30 days	**12,826,407**	56,386,639
31 – 90 days	**23,811,377**	18,531,742
Over 90 days	**28,349,384**	17,339,203
	64,987,168	92,257,584

The Group has trade receivables as at 30 September 2018 amounting to RM52,160,761 (2017: RM35,870,945), 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:

	2018 RM	2017 RM
Overdue:		
1 – 30 days	**22,165,837**	17,155,428
31 – 60 days	**1,645,540**	1,376,314
61 – 90 days	**2,204,206**	5,650,426
Over 90 days	**26,145,178**	11,688,777
	52,160,761	35,870,945

17. INVENTORIES

	2018 RM	2017 RM
At cost:		
Unsold completed units	**19,299,741**	–

18. AMOUNTS OWING BY/(TO) CUSTOMERS FOR CONTRACT WORKS

	2018 RM	2017 RM
Contract costs incurred to date	**2,400,365,993**	1,936,211,121
Recognised profits net of recognised losses	**328,750,847**	296,364,541
	2,729,116,840	2,232,575,662
Less: Progress billings received and receivable	**(2,524,778,172)**	(2,022,906,620)
	204,338,668	209,669,042
Analysed for reporting purposes as:		
Amounts owing by customers for contract works	**216,062,823**	234,200,657
Amounts owing to customers for contract works	**(11,724,155)**	(24,531,615)
	204,338,668	209,669,042

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. FIXED DEPOSITS/CASH AND BANK BALANCES

	2018 RM	2017 RM
Cash and bank balances:		
Hong Kong Dollar	**711,319**	569,000
United States Dollar	**325,609**	392,990
Ringgit Malaysia	**68,480,862**	23,094,680
	69,517,790	24,056,670
Fixed deposits with licensed banks:		
Hong Kong Dollar	**10,848,332**	50,813,401
Ringgit Malaysia	**38,578,628**	81,778,397
	49,426,960	132,591,798
	118,944,750	156,648,468

As at 30 September 2018, fixed deposits carry interest at rates ranging from 0.05% to 4.20% (2017: 0.05% to 3.80%) per annum, with maturity period ranging from 30 to 365 days (2017: 30 to 365 days). Included in fixed deposits are pledged fixed deposits for borrowings of RM14,701,943 (2017: RM7,249,974) as at 30 September 2018 and restricted fixed deposits of Nil (2017: RM10,300,000) as at 30 September 2018.

Included in cash and bank balances are restricted bank balances of RM13,959,048 (2017: RM2,536,834) as at 30 September 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE CAPITAL

The share capital as at 30 September 2018 and 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)* and 30 September 2018	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 and 30 September 2018	1,800,000,000	18,000,000	9,862,255

Notes:

(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 Holdings for the purpose of interspersing between BGMC Holdings and the Controlling Shareholders as disclosed in Note 2.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

(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.

(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 premium account was 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 of Hong Kong Limited. 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 20(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 period 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 Holdings 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

21. RESERVES

	2018 RM	2017 RM
Share premium	**135,571,100**	148,880,345
Other reserve	**65,000,094**	65,000,094
Retained earnings	**119,198,250**	117,752,580
	319,769,444	331,633,019

Share premium

Share premium represents premium from the issue of ordinary shares of the Company above par value after taking into account transactions as disclosed in Note 12 and Note 20(e).

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 Holdings 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 20(b).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Obligations under finance leases payable:				
Within one year	**11,420,858**	14,107,844	**10,612,111**	12,564,077
Within a period of more than one year but not more than two years	**6,375,204**	11,855,313	**6,116,569**	11,041,791
Within a period of more than two years but not more than five years	**2,080,976**	8,543,974	**2,011,228**	8,230,632
	19,877,038	34,507,131	**18,739,908**	31,836,500
Less: Future finance charges	**(1,137,130)**	(2,670,631)	**–**	–
Present value of lease obligations	**18,739,908**	31,836,500	**18,739,908**	31,836,500
Less: Amount owing for settlement with twelve months (shown under current liabilities)			**(10,612,111)**	(12,564,077)
Amount owing for settlement after twelve months			**8,127,797**	19,272,423

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 2018 are fixed at respective contract rates ranging from 2.38% to 3.90% (2017: 2.38% to 3.90%) per annum.

Obligations under finance leases were secured by property, plant and equipment under finance leases and jointly and severally guaranteed by the Company and/or the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS – SECURED

	2018 RM	2017 RM
Current:		
Bank overdrafts (a)	**3,288,117**	4,160,761
Term loan (b)	**23,844,659**	23,288,111
Multiple facilities (c)	**35,776,039**	4,168,852
Total current	**62,908,815**	31,617,724
Non-current:		
Term loan (b)	**204,666,657**	223,177,728
Total non-current	**204,666,657**	223,177,728
Total	**267,575,472**	254,795,452

Summary of borrowing arrangements are as follows:

(a) Bank overdrafts are secured by facility agreements for a sum of RM5,500,000 (2017: RM5,500,000) as at 30 September 2018, memorandum of deposit over certain fixed deposits of the Group of RM14,701,943 (2017: RM7,249,974) and corporate guarantee by the Company and/or the subsidiaries.

(b) Term loan was entered into in 2016 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;

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS – SECURED (CONTINUED)

(b) (Continued)

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

- the lease agreement entered into between a subsidiary 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 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 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 2018 is RM10,356,503 (2017: RM2,536,834). The restricted fixed deposits as at 30 September 2018 is Nil (2017: RM10,300,000);

(vii) assignment of all the present and future rights, title, interest and benefits of a subsidiary 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 Holdings and BGMC Corporation;

(ix) irrevocable letter of undertaking from a subsidiary 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'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.

(c) Multiple facilities are secured by facility agreements for a sum of RM298,180,000 (2017: RM150,680,000), corporate guarantee by the Company and memorandum of legal charge over deposit and letter of set-off over fixed deposit of a subsidiary, by creating a sinking fund account and assignment of considerations received from the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. BORROWINGS – SECURED (CONTINUED)

The remaining maturity periods of borrowings as at 30 September 2018 and 30 September 2017 are as follows:

	2018 RM	2017 RM
On demand or within one year	**62,908,815**	31,617,724
More than one year but not exceeding two years	**23,844,659**	23,288,111
More than two years but not exceeding five years	**71,533,977**	69,864,332
More than five years	**109,288,021**	130,025,285
	267,575,472	254,795,452

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

	The Group 2018 RM	 2017 RM
Bank overdrafts	**7.70%**	7.71%
Term loan	**6.85%**	8.20%
Multiple facilities	**5.89%**	8.01%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. 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	Unutilised tax capital allowance RM	Others RM	Total RM
At 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 2017/1 October 2017	3,425,438	5,619,000	2,377,645	(2,959,000)	–	–	8,463,083
Charge/(Credit) to profit or loss	(765,838)	2,768,711	(1,624,296)	2,039,307	(951,482)	(278,134)	1,188,268
At 30 September 2018	**2,659,600**	**8,387,711**	**753,349**	**(919,693)**	**(951,482)**	**(278,134)**	**9,651,351**

As at 30 September 2018, the Group has unutilised tax losses and unutilised tax capital allowances of approximately RM3,832,000 (2017: RM12,329,000) and RM3,965,000 (2017: Nil) respectively, available for offset against future taxable profits of the relevant subsidiary. Deferred tax assets has been recognised in respect of such tax losses and tax capital allowances.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As at 30 September 2018, the estimated amounts of unused tax losses and unabsorbed capital allowances for which no deferred tax assets have been recognised in the financial statements due to uncertainty of its realisation, are as follows:

	2018 RM	2017 RM
Unused tax losses	**6,735,105**	587,529
Unabsorbed capital allowances	**625,945**	–
	7,361,050	587,529

The unused tax losses and unabsorbed capital allowances, which are subject to agreement by the tax authorities, are available for offset against future chargeable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. TRADE AND OTHER PAYABLES

	2018 RM	2017 RM
Trade payables:		
Third parties	**131,847,502**	155,141,097
Related parties	**14,582,806**	14,999,045
	146,430,308	170,140,142
Retention sum payables:		
Third parties	**30,541,911**	22,753,441
Related parties	**13,097,879**	12,550,865
	43,639,790	35,304,306
Other payables:		
Third parties	**4,690,431**	5,826,546
Related parties	**10,000,000**	–
	14,690,431	5,826,546
Accrued expenses	**43,935,749**	45,061,506
	248,696,278	256,332,500

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 (2017: 30 to 60 days).

The credit period on retention sum payables is 24 months (2017: 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

25. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2018 RM	2017 RM
0 – 30 days	**32,186,778**	60,163,172
31 – 90 days	**30,390,835**	58,607,308
Over 90 days	**83,852,695**	51,369,662
	146,430,308	170,140,142

26. AMOUNTS OWING TO DIRECTORS

On 26 January 2017, amounts owing to directors of RM65,000,000 were settled through the issue of additional shares by BGMC Holdings 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

27. PARTICULAR OF SUBSIDIARIES

The Company has the following subsidiaries:

Name of subsidiaries	Place of incorporation	Place of operations	Issued and fully paid ordinary share capital 2018	Issued and fully paid ordinary share capital 2017	Attributable equity interest held by the Company 2018	Attributable equity interest held by the Company 2017	Principal activities
BGMC Malaysia Limited	British Virgin Islands	Malaysia	**USD100**	USD100	**100%**	100%	Investment holding
BGMC Holdings Sdn. Bhd.[1]	Malaysia	Malaysia	**RM1,000**	RM1,000	**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**	RM0.75 million	**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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PARTICULAR OF SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation	Place of operations	Issued and fully paid ordinary share capital 2018	Issued and fully paid ordinary share capital 2017	Attributable equity interest held by the Company 2018	Attributable equity interest held by the Company 2017	Principal activities
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
BGMC Bras Power Sdn. Bhd.[3]	Malaysia	Malaysia	**RM100**	–	**95%**	–	Development and construction relating to provision of renewable energy
BGMC Estate Sdn Bhd.[3]	Malaysia	Malaysia	**RM100**	–	**100%**	–	Investment properties
BGMC Energy Sdn. Bhd.[2]	Malaysia	Malaysia	**RM1**	–	**100%**	–	Investment holding

1 *BGMC Holdings Sdn. Bhd. is indirectly held by the Company through BGMC Malaysia Limited.*

2 *These companies are indirectly held by the Company through BGMC Holdings 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 securities at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. 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	
			2018 RM	2017 RM	2018 RM	2017 RM
Headway Construction Sdn. Bhd.	Malaysia	49%	**(2,404,345)**	(215,095)	**2,787,413**	5,191,758
Individually immaterial subsidiaries with non-controlling interests			**644,268**	504,579	**2,906,566**	2,262,293
			(1,760,077)	289,484	**5,693,979**	7,454,051

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Summarised statement of financial position

Headway Construction Sdn. Bhd.	2018 RM	2017 RM
Current assets	**39,474,579**	62,293,189
Non-current assets	**3,772,532**	6,156,378
Total assets	**43,247,111**	68,449,567
Current liabilities	**36,420,232**	53,862,418
Non-current liabilities	**1,138,283**	3,991,725
Total liabilities	**37,558,515**	57,854,143
Net assets	**5,688,596**	10,595,424

Summarised statement of profit or loss and other comprehensive income

Headway Construction Sdn. Bhd.	2018 RM	2017 RM
Revenue	**4,140,881**	60,292,835
Expenses	**(9,047,708)**	(60,731,805)
Loss/Total comprehensive loss attributable to:		
Owner of the Company	**(2,502,482)**	(223,875)
Non-controlling interests	**(2,404,345)**	(215,095)
Loss/Total comprehensive loss for the year	**(4,906,827)**	(438,970)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Summarised statement of cash flows

Headway Construction Sdn. Bhd.	2018 RM	2017 RM
Net cash inflow/(outflow) from operating activities	**583,670**	(4,513,742)
Net cash inflow/(outflow) from investing activities	**2,500,279**	(135,920)
Net cash (outflow)/inflow from financing activities	**(3,086,415)**	3,291,982
Net cash outflow for the year	**(2,466)**	(1,357,680)

29. 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 23, net of cash and cash equivalents, and attributable to owners of the Company, comprising issued share capital, share premium, 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

30. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

	2018 RM	2017 RM
Financial assets		
Loans and receivables (including cash on hand and at bank)	**565,923,966**	623,460,868
Financial liabilities		
Other financial liabilities	**535,011,658**	542,964,452

(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, 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 2018 would decrease/increase by approximately RM1,017,000 (2017: RM968,000).

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

30. 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 2018, the Group has a concentration of credit risk of 63% (2017: 64%) of the total trade 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

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

Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The Group has transactional currency exposures mainly to Hong Kong Dollar ("**HKD**") and United Stated Dollar ("**USD**").

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.

HKD Impact	Carrying amount RM	Foreign currency risk +10% RM	–10% RM
At 30 September 2018			
Financial Assets			
Fixed deposits	**10,848,332**	**1,084,833**	**(1,084,833)**
Bank balances	**711,319**	**71,132**	**(71,132)**
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	Carrying amount RM	Foreign currency risk +10% RM	–10% RM
At 30 September 2018			
Financial Assets			
Bank balances	**325,609**	**32,561**	**(32,561)**
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 the end of the reporting period does not reflect the exposure during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk

The Group's total assets less current liabilities as at 30 September 2018 are RM557,771,483 (2017: RM599,862,559); and the Group's net current assets as at 30 September 2018 are RM215,920,354 (2017: net current asset of RM241,575,029).

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 2018, the Group has available unutilised bank borrowing facilities of approximately RM244,347,000 (2017: RM147,850,000).

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 2018						
Trade and other payables	–	**240,548,557**	**8,147,721**	**–**	**248,696,278**	**248,696,278**
Obligations under finance leases	3.19	**11,420,858**	**8,456,180**	**–**	**19,877,038**	**18,739,908**
Borrowings	6.97	**77,811,166**	**138,656,698**	**126,749,279**	**343,217,143**	**267,575,472**
		329,780,581	**155,260,599**	**126,749,279**	**611,790,459**	**535,011,658**
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	3.18	14,107,844	20,399,287	–	34,507,131	31,836,500
Borrowings	8.87	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. 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 the end of the reporting period for similar types of debt arrangements (Level 2).

	Carrying amount		Fair value	
	2018 RM	2017 RM	2018 RM	2017 RM
Borrowings	**267,575,472**	254,795,452	**262,041,764**	243,776,202

- **Obligations under finance leases:** The fair value is estimated using discounted cash flow analysis based on current borrowing rates for similar types of finance lease arrangement (Level 2). The carrying amount and fair value of obligations under finance leases are as follows:

	The Group			
	Carrying amount		Fair value	
	2018 RM	2017 RM	2018 RM	2017 RM
Obligations under finance leases	**18,739,908**	31,836,500	**18,486,912**	31,857,061

The fair values of the above 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTIES TRANSACTIONS

In addition to the balances of the Group with related parties disclosed in Notes 16 and 25 above, the Group has the following transactions with related parties carried out based on agreed terms and conditions:

	2018 RM	2017 RM
Construction revenue from related parties:		
D Pristine Medini Sdn. Bhd.	**237,021,576**	180,170,592
B&G Global Property Sdn. Bhd.	**12,877,836**	2,632,087
B&G Superb Property Sdn. Bhd.	**–**	81,422,131
Kingsley Hills Sdn. Bhd.	**–**	4,395,174
Kingsley International Sdn. Bhd.	**–**	4,864,847
Construction cost paid to related parties:		
Exa Power Sdn. Bhd.	**1,601,606**	8,085,763
Building materials cost paid to related party:		
Correct Lifestyle Sdn. Bhd.	**10,136,278**	16,488,529
Rental of office premises to related party:		
One City Properties Sdn. Bhd.	**693,616**	584,956
Parking fees paid to related party:		
One City Properties Sdn. Bhd.	**147,656**	94,575
Site management fees paid to related party:		
E-City Hotel Sdn. Bhd.	**6,285**	27,957
Gym membership fees paid to related party:		
E-City Hotel Sdn. Bhd.	**34,598**	36,560
The Place Properties Sdn. Bhd.	**13,840**	–
Rental of ballroom paid to related party:		
E-City Hotel Sdn. Bhd.	**20,664**	13,250
Training fees paid to related party:		
Kingsley Professional Centre Sdn. Bhd.	**31,875**	43,999
Utility expenses paid to related party:		
MCT Green Technology Sdn. Bhd.	**136,544**	122,693

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

32. 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:

	2018 RM	2017 RM
Within one year	**744,717**	721,493
In the second to fifth year inclusive	**–**	661,370
	744,717	1,382,863

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.

33. 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:

	2018 RM	2017 RM
Approved and contracted for:		
Property, plant and equipment	**600,000**	630,000
Less: Deposit paid	**(419,260)**	(189,000)
Outstanding capital commitments	**180,740**	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.

34. CONTINGENT LIABILITY

In the ordinary course of business, a subsidiary, BME, awarded a sub-contract for electrical work to a third party. The said sub-contract was subsequently terminated by BME due to breach of certain terms and conditions of the sub-contract on the part of the third party. The third party initiated a legal action against BME claiming the balance payment of RM733,292 on the basis that the termination was wrongful.

In the opinion of the Directors, after taking appropriate legal advice, the outcome of such action is remote and therefore, no provision have been made in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of opening and closing balances in the statement of financial position for each liability for which cash flows have been or would be, classified as financing activities in the statement of cash flows:

The Group	As at 1 October 2017 RM	Drawdown/ Advances RM	Cash Flows Interest accrued RM	Repayment RM	As at 30 September 2018 RM
Borrowings	254,795,452	154,920,866	17,117,123	(159,257,969)	**267,575,472**
Obligations under finance leases	31,836,500	370,000	1,516,299	(14,982,891)	**18,739,908**
Amount owing to related parties	–	20,000,000	–	(10,000,000)	**10,000,000**

36. NON-CASH TRANSACTIONS

During the year ended 30 September 2018, the Group acquired property, plant and equipment amounted to RM370,000 (2017: RM21,315,684) under finance lease arrangements.

During the year ended 30 September 2017, consideration payable for the acquisition of BGMC Corporation was paid on behalf of the Company by the directors for amounts of RM41,000,000.

On 26 January 2017, amounts owing to directors of RM65,000,000 were settled through the issue of additional new shares by BGMC Holdings Sdn. Bhd. to BGMC Malaysia Limited and was capitalised in other reserve as disclosed in Note 21(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. 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:

	2018 RM	2017 RM
ASSETS		
Non-Current Assets		
Investment in a subsidiary	**446**	446
Current Assets		
Other receivables	**133,071**	4,355,784
Amount owing from a subsidiary	**114,112,107**	88,429,786
Fixed deposits	**10,848,332**	50,813,401
Cash and bank balances	**1,036,928**	961,990
Total Current Assets	**126,130,438**	144,560,961
Total Assets	**126,130,884**	144,561,407
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	**9,862,255**	9,862,255
Share premium	**135,571,100**	148,880,345
Accumulated losses	**(26,865,134)**	(19,665,999)
Total equity	**118,568,221**	139,076,601
Current Liabilities		
Other payables and accrued expenses	**342,292**	302,856
Amounts due to subsidiaries	**7,220,371**	5,181,950
Total Liabilities	**7,562,663**	5,484,806
Total Equity and Liabilities	**126,130,884**	144,561,407

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

RESERVES OF THE COMPANY

	Share premium RM	Accumulated Losses RM	Total RM
At 18 November 2016	–	–	–
Loss and total comprehensive loss for the year	–	(19,665,999)	(19,665,999)
Issue of shares in connection with Global Offering *(Note 20(e))*	170,123,881	–	170,123,881
Share issue expenses *(Note 20(e))*	(13,846,851)	–	(13,846,851)
Capitalisation issue *(Notes 20(d) & (e))*	(7,396,685)	–	(7,396,685)
At 30 September 2017	148,880,345	(19,665,999)	129,214,346
Loss and total comprehensive loss for the year	–	(7,199,135)	(7,199,135)
Dividend paid	(13,309,245)	–	(13,309,245)
At 30 September 2018	**135,571,100**	**(26,865,134)**	**108,705,966**

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years, as extracted from the published consolidated financial statements or the Prospectus of the Company is set out below.

RESULTS (Audited)	**2018** **RM**	**2017** **RM**	**2016** **RM**	**2015** **RM**	**2014** **RM**
Total Turnover	**515,091,225**	694,915,957	516,879,122	425,592,506	240,178,627
Profit before taxation	**7,158,682**	76,295,427	86,630,439	26,634,096	10,152,390
Income tax	**7,473,089**	21,172,485	21,649,639	5,720,013	2,966,057
(Loss)/profit and total comprehensive income for the year	**(314,407)**	55,122,942	64,980,800	20,914,083	7,186,333
Profit attributable to owners of the Company	**1,445,670**	54,833,458	62,919,122	20,967,277	7,186,333
ASSETS AND LIABILITIES					
Total assets	**893,988,758**	939,357,908	669,549,566	580,025,789	179,257,297
Total liabilities	**558,663,080**	590,408,583	599,465,777	530,768,470	155,817,645
Net assets	**335,325,678**	348,949,325	70,083,789	49,257,319	23,439,652

BGMC International Limited
瑋利國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）
(Stock code 股份代號：1693)

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

T +603-5115 1128
F +603-5115 1126

www.bgmc.asia