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BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

**MAJOR TRANSACTIONS –
JOINT VENTURE AND OPTION ARRANGEMENTS
IN CONNECTION WITH
THE PROVISION OF MANAGEMENT AND SUPPORT SERVICES
TO SOLAR POWER PLANT PROJECTS**

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DEFINITIONS

In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

“AD”	Asahi Dengyo E. C. Co. Ltd., a company incorporated in Japan
“AD Solar”	AD Solar Pte. Ltd., a company incorporated in Singapore and is a wholly-owned subsidiary of AD
“Affiliate”	means in relation to a JV Shareholder, any person which, directly or indirectly: (a) Controls such JV Shareholder; (b) is Controlled by such JV Shareholder; or (c) is Controlled by a person which, directly or indirectly Controls such JV Shareholder. For the purposes of this term under the Shareholders’ Agreement, “Control” means the power of a person, directly or indirectly: (i) to exercise more than 50% of the voting rights in a company; (ii) to appoint or dismiss more than 50% of the members of the management board of a company; or (iii) to direct the management of a company through the exercise of majority votes at the management board meetings of such company
“Agreed Proportion”	has the meaning as described under the section headed “ <i>The Shareholders’ Agreement</i> ” in this circular
“Agreements”	collectively, the Shareholders’ Agreement, the Option Agreements and the DPI Solar 1 Call and Put Option Agreement
“Announcement”	the announcement of the Company dated 29 August 2019
“ASEAN”	the Association of Southeast Asian Nations, its members including Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Burma and Cambodia

DEFINITIONS

“BGMC BRAS Power”	BGMC BRAS Power Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect non-wholly owned subsidiary of the Company, being the project company that has been awarded the Kuala Muda Project by the Energy Commission of Malaysia
“BGMC Commitment”	has the meaning as described under the section headed “ <i>The Shareholders’ Agreement</i> ” in this circular
“BGMC Corporation”	BGMC Corporation Sdn. Bhd., an indirect wholly-owned subsidiary of the Company
“BGMC Energy”	BGMC Energy Sdn. Bhd., an indirect wholly-owned subsidiary of the Company
“BGMC Holdings”	BGMC Holdings Berhad (formerly known as BGMC Holdings Sdn. Bhd. and BGMC Builder Sdn. Bhd.), an indirect wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“BRAS Ventures”	BRAS Ventures Bhd., a company incorporated in Malaysia with limited liability
“Bumiputra”	a term to describe the Malay and natives of any of the States in Malaysia
“BV Energy”	BV Energy Sdn. Bhd., a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of BRAS Ventures
“BV Energy Option Agreement”	the option agreement dated 29 August 2019 and entered into between BGMC Energy and BV Energy in relation to the BV Energy Sale Option
“BV Energy Sale Option”	the right of BGMC Energy to acquire the JV Shares held by BV Energy in accordance with the terms of the BV Energy Option Agreement
“Call Option Shares”	means up to 45.1% of the DPI Solar 1 Option Shares
“Company”	BGMC International Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1693)

DEFINITIONS

“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“DPI Loan”	has the meaning as described under section headed “The Shareholders’ Agreement” in this circular
“DPI Loan Agreement”	the loan agreement dated 17 July 2019 and entered into between DPI Solar 1 as lender and the Company as borrower for a loan amount of USD14,463,196.00
“DPI Solar 1”	DPI Solar 1 Pte. Ltd., a company incorporated in Singapore with limited liability
“DPI Solar 1 Call and Put Option Agreement”	the call and put option agreement dated 29 August 2019 and entered into between BGMC Energy, the Company, DPI Solar 1 and the JV Company
“DPI Solar 1 Call Option”	the right for BGMC Energy to purchase the Call Option Shares from DPI Solar 1 in accordance with the DPI Solar 1 Call and Put Option Agreement
“DPI Solar 1 Option Shares”	21.43 million Preference Shares of USD1.00 per share of the JV Company to be held by DPI Solar 1 as the registered holder
“DPI Solar 1 Options”	collectively, the DPI Solar 1 Call Option and DPI Solar 1 Put Option
“DPI Solar 1 Put Option”	the option for DPI Solar 1 to require the Company to purchase the Put Option Shares from DPI Solar 1 in accordance with the DPI Solar 1 Call and Put Option Agreement
“Effective Date”	the date on which the condition precedent of the Shareholders’ Agreement has been fulfilled, as notified in writing by BGMC Energy to other parties
“Group”	the Company and its subsidiaries
“Hasilwan”	Hasilwan (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability

DEFINITIONS

“Hasilwan Solar”	Hasilwan Solar Sdn. Bhd., a company incorporated in Malaysia with limited liability and a subsidiary of Hasilwan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IDIQA”	IDIQA Holding Sdn. Bhd., a company incorporated in Malaysia
“IDIQA Energy”	IDIQA Energy Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of IDIQA
“IDIQA Energy Option Agreement”	the option agreement dated 29 August 2019 and entered into between BGMC Energy and IDIQA Energy in relation to the IDIQA Energy Sale Option
“IDIQA Energy Sale Option”	the right of BGMC Energy to acquire the JV Shares held by IDIQA Energy in accordance with the terms of the IDIQA Energy Option Agreement
“Idiwan Solar”	Idiwan Solar Sdn. Bhd., a company incorporated in Malaysia with limited liability and is owned as to 95% by IDIQA and 5% by Hasilwan (and has no shareholding relationship with the JV Company), being the project company that has been awarded the Machang Project by the Energy Commission of Malaysia
“JV Board”	the board of directors of the JV Company
“JV Capital Commitment”	has the meaning as described under the section headed “ <i>The Shareholders’ Agreement</i> ” in this circular
“JV Company”	Sparks Energy International Limited, a joint venture company established in the Cayman Islands with limited liability by the JV Shareholders on 16 October 2018
“JV Shareholders”	collectively, BGMC Energy, DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy and IDIQA Energy
“JV Shares”	the shares of the JV Company
“Kuala Muda Project”	the development of a 30MW _{a.c.} solar photovoltaic energy producing power plant on a piece of land held under Geran 33590, Lot 3222, Tempat Chengai Lama, Mukim Sungai Petani, Daerah Kuala Muda in the state of Kedah

DEFINITIONS

“Land Companies”	collectively, Kuala Muda Estate Sdn. Bhd., Machang Estate Sdn. Bhd. and Machang Estate (II) Sdn. Bhd., all being companies incorporated in Malaysia with limited liability
“Land Companies RCPS Subscription Agreements”	collectively, the subscription agreements entered into between BGMC Holdings and each of the Land Companies dated 25 July 2019 with details set out in the announcements of the Company dated 25 July 2019 and 14 August 2019
“Latest Practicable Date”	23 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machang Project”	the development of a 30MWa.c. solar photovoltaic energy producing power plant, with a peak installed capacity of the photovoltaic modules of not less than 45.00 megawatt peak and the maximum annual allowable quantity be capped at 89,929.10 megawatt per hour, on a piece of land held under Geran 25516, Lot 4, Mukim Kuala Kerak, Daerah Jajahan Machang in the state of Kelantan
“Major Shareholders”	collectively, Prosper International and Seeva International
“Option Agreements”	collectively, the BV Energy Option Agreement and the IDIQA Energy Option Agreement
“Option Shares”	means the Call Option Shares and/or the Put Option Shares, as the case may be
“percentage ratio”	has the meaning given to it under Rule 14.07 of the Listing Rules
“Preference Shares”	the non-voting class 1 preference shares issued or to be issued by the JV Company
“Project Companies”	collectively, BGMC BRAS Power and Idiwon Solar, and a “Project Company” means any of them
“Projects”	collectively, the Kuala Muda Project and the Machang Project

DEFINITIONS

“Prospectus”	the prospectus of the Company dated 31 July 2017
“Prosper International”	Prosper International Business Limited, a company incorporated in the British Virgin Islands with limited liability and directly owned by Tan Sri Dato’ Sri Goh Ming Choon, and is the controlling shareholder of the Company
“Put Option Shares”	means 45.1% to up to 50.1% of the DPI Solar 1 Option Shares
“Put Option Trigger Date”	means the date falling six months after the date on which DPI Solar 1 has fully subscribed and paid for the Option Shares
“RCPS”	redeemable convertible preference shares
“RCPS Subscription Agreement”	the subscription agreement dated 29 August 2019 and entered into between BGMC Corporation and BGMC BRAS Power in relation to the subscription by BGMC Corporation of the RCPS to be issued by BGMC BRAS Power at a consideration of RM86.0 million
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“RPS”	redeemable preference shares
“Sale Options”	collectively, the BV Energy Sale Option and the IDIQA Energy Sale Option
“Seeva International”	Seeva International Limited, a company incorporated in the British Virgin Islands with limited liability and directly owned by Dato’ Teh Kok Lee, and is the controlling shareholder of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company

DEFINITIONS

“Shareholders’ Agreement”	the shareholders’ agreement dated 29 August 2019 and entered into among BGMC Energy, DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy, IDIQA Energy and the JV Company
“Sparks Energy 1”	Sparks Energy 1 Sdn. Bhd., a company incorporated in Malaysia with limited liability and an indirect wholly-owned subsidiary of the JV Company
“Sparks Energy 1 Subscription Agreement”	the subscription agreement dated 29 August 2019 and entered into between BGMC Corporation and Sparks Energy 1 in relation to the subscription by Sparks Energy 1 of the RPS to be issued by BGMC Corporation at a consideration of RM86.0 million
“SPV(s)”	special purpose vehicle company(ies) to be established as wholly-owned subsidiaries of the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Unconditional Date”	in respect of the Option Agreements, means the date on which the condition precedent under the respective Option Agreements has been fulfilled, as notified in writing by BGMC Energy to BV Energy and IDIQA Energy (as the case may be)
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For illustration purposes only, amounts denominated in RM in this circular have been translated into HK\$ at the rate of RM1 = HK\$1.8709, and amounts denominated in USD in this circular have been translated into HK\$ at the rate of USD1 = HK\$7.78. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates or at all.

LETTER FROM THE BOARD



BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1693)

Executive Directors:

Tan Sri Dato' Sri Goh Ming Choon
Dato' Mohd Arifin bin Mohd Arif
Dato' Teh Kok Lee
Ir. Azham Malik bin Mohd Hashim

Independent non-executive Directors:

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

Registered Office:

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

Principal Place of Business

in Hong Kong:
31/F., 148 Electric Road
North Point
Hong Kong

27 April 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTIONS –
JOINT VENTURE AND OPTION ARRANGEMENTS
IN CONNECTION WITH
THE PROVISION OF MANAGEMENT AND SUPPORT SERVICES
TO SOLAR POWER PLANT PROJECTS**

Reference is made to the Announcement, where it was announced that the Group has entered into the following agreements with the following parties on 29 August 2019:

- (a) the Agreements:
 - (i) Shareholders' Agreement, with DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy, IDIQA Energy and the JV Company in connection with the joint venture arrangement among the JV Shareholders for purpose of regulating their rights and obligations, including their further investments and/or contributions, in the JV Company;

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- (ii) the Option Agreements, with BV Energy and IDIQA Energy, respectively; and
- (iii) the DPI Solar 1 Call and Put Option Agreement, with DPI Solar 1 and the JV Company,

and

- (b) the RCPS Subscription Agreement, with Project Company 1; and
- (c) the Sparks Energy 1 Subscription Agreement, with Sparks Energy 1.

The purpose of this circular is to provide you with further details of each of the Agreements and such other information as required under the Listing Rules.

THE SHAREHOLDERS' AGREEMENT

Date: 29 August 2019

Parties:

- (1) BGMC Energy, an indirect wholly-owned subsidiary of the Company;
- (2) DPI Solar 1;
- (3) Hasilwan Solar;
- (4) AD Solar;
- (5) BV Energy;
- (6) IDIQA Energy; and
- (7) the JV Company.

Principal Objectives of the JV Company:

To conduct the business of:

- (a) investing in and managing the SPVs in providing comprehensive management services in relation to the development, financing, construction, operation and maintenance of renewable energy power plants, including the Projects;
- (b) investing and financing in renewable energy power projects; and

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- (c) such other business activities which are deemed feasible by the JV Shareholders.

It is the intention of the JV Shareholders that the JV Company shall conduct business activities relating to the provision of management services in relation to the renewable energy business.

Capital Contribution:

Pursuant to the Shareholders' Agreement, in view of the appointment of the JV Company or its subsidiaries as the project manager of the Projects by the owners of the Projects, a capital commitment in the sum of approximately RM88.5 million (equivalent to approximately HK\$165.6 million) (the "**JV Capital Commitment**") is to be contributed by the JV Shareholders to the JV Company through the issuance of JV Shares and other forms of financing in accordance with the following proportion (the "**Agreed Proportion**"):

- BGMC Energy: RM39.9 million (equivalent to approximately HK\$74.6 million) (the "**BGMC Commitment**")
- DPI Solar 1: RM33.7 million (equivalent to approximately HK\$63.1 million)
- Hasilwan Solar: RM1.6 million (equivalent to approximately HK\$3.0 million)
- AD Solar: RM8.9 million (equivalent to approximately HK\$16.7 million)
- BV Energy: RM2.2 million (equivalent to approximately HK\$4.1 million)
- IDIQA Energy: RM2.2 million (equivalent to approximately HK\$4.1 million)

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The amount of the JV Capital Commitment is determined based on the equity capital required by the JV Company for, among others, the implementation of the Projects. The capital required for the implementation of the Projects is determined with reference to the costs required for completing the Projects. Such costs principally consist of (i) the costs required for appointing engineering, procurement, construction and commissioning contractor(s); (ii) project development costs; (iii) finance costs; (iv) costs for acquiring a land for construction purpose; and (v) other incidental costs relating to the construction and operation of the solar power plants under the Projects.

The BGMC Commitment is expected to be fully funded by a loan to be advanced by DPI Solar 1 to the Company (the “**DPI Loan**”). Please refer to the headed “*The DPI Loan Agreement*” in this circular for details of the DPI Loan.

Upon the contribution of the JV Capital Commitment, the JV Company will be held as to:

- 45.10% by BGMC Energy, holding 7,463,824,951 JV Shares;
- 38.06% by DPI Solar 1, holding 6,298,462,172 JV Shares;
- 1.84% by Hasilwan Solar, holding 304,788,777 JV Shares;
- 10.00% by AD Solar, holding 1,654,950,050 JV Shares;
- 2.50% by BV Energy, holding 413,737,525 JV Shares; and
- 2.50% by IDIQA Energy, holding 413,737,525 JV Shares.

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Any further capital/financing requirements (which is not subject to any maximum amount under the Shareholders' Agreement) of the JV Company exceeding the JV Capital Commitment would be financed by other means as stipulated under the Shareholders' Agreement and if it occurs, the Company will comply with the relevant Listing Rules requirements, if applicable. If additional capital/financing is required in terms of the issue of additional JV Shares or in the form of shareholders' loans, the JV Shareholders shall subscribe for such new JV Shares or provide the shareholders' loans in accordance with the Agreed Proportion. The Company will comply with the relevant requirements under the Listing Rules in relation to any additional capital contribution/financing.

If a JV Shareholder fails to subscribe for and/or pay the subscription price of any JV Shares issued or to be issued pursuant to the further capital/financing requirements or to advance any shareholders' loans pursuant to the terms of the Shareholders' Agreement, the JV Company will send a notice giving the relevant JV Shareholder a grace period of fifteen Business Days, failing which such JV Shareholder shall be deemed to be in a default (the "**Defaulting Party**") whereupon the following consequences shall ensue:

- (i) the JV Company may take such action as it thinks fit to obtain payment, pursuant to relevant clauses in the Shareholders' Agreement, from the Defaulting Party. The Defaulting Party shall have no voting rights and other powers of control to prevent or delay such action being taken by the JV Company and shall have no right to receive dividends on all of its JV Shares until the payment in respect of which it has defaulted is made;
- (ii) the JV Company may recover from the Defaulting Party, by way of liquidated damages, with an interest at the rate of 10% per annum on any outstanding payments based on the number of actual days elapsed from the day following the date when payment was due up to and including the date when payment is made. Interest shall be calculated using simple interest calculations on the basis of a 360-day year; and/or

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(iii) the non-defaulting JV Shareholder(s) may (without prejudice to any other remedy available to the JV Company), advance the required portion of the shareholders' loan and/or contribution which the Defaulting Party should have advanced.

The shareholdings of the Defaulting Party shall be diluted by the other JV Shareholders and the latter shall be entitled to contribute to the further capital/financing requirements in accordance with the terms of the Shareholders' Agreement. In such case, the Agreed Proportion may be adjusted accordingly.

The Company is of the view that the above term under the Shareholders' Agreement regarding further capital/financing requirements by the JV Shareholders to the JV Company is fair and reasonable and in the interest of the Company and its Shareholders as a whole because in the case if the JV Company requires further capital, it is intended that such capital requirement (including the relevant amount) will first be discussed and agreed among the JV Shareholders before any formal capital/financing request is made by the JV Company pursuant to the Shareholders' Agreement.

**Issuance of Preference
Shares to DPI Solar 1:**

Other than the JV Capital Commitment, pursuant to the Shareholders' Agreement, one of the JV Shareholders, DPI Solar 1, has also agreed to subscribe for the Preference Shares at a consideration of USD21.43 million (equivalent to approximately HK\$167.2 million). The Preference Shares shall be fully subscribed by DPI Solar 1 at the time of issuance by the JV Company on conditions as prescribed in the Shareholders' Agreement. The proceeds from this subscription will be used by the JV Company for funding the costs required for the implementation of the Projects.

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Subject to the availability of distributable profits as the JV Board deems fit and/or expedient and in the best interest of the JV Company, the Preference Shares shall yield a fixed cumulative dividend of 6.5% per annum from the date on which the Preference Shares are subscribed by DPI Solar 1. DPI Solar 1 shall be entitled to receive dividend in priority to holders of ordinary shares. Under the Companies Act 2016 of Malaysia, a company may only make a distribution of dividend to its shareholders out of profits that are available in the company and if the company is solvent (i.e. able to pay its debts as and when they become due within 12 months immediately after the dividend distribution is made).

As disclosed in the section headed “*Information on the JV Company*” in this circular, the JV Company and its subsidiaries have made net losses for the eleven months financial period ended 30 September 2019. As at the date of the Shareholders’ Agreement, the distributable profit of the JV Company was nil and in determining if the JV Company will have any distributable profits when it intends to make any distribution of dividend, in addition to ensuring that it is solvent, any other expenses which may be incurred by the JV Company will have to be taken into account. Accordingly, it is uncertain as to whether the JV Company can or will have any distributable profits for distribution pursuant to which it is allowed to distribute dividend to the holder(s) of the Preference Share.

DPI Solar 1 (as the holder of the Preference Shares) shall have no voting rights save for matters relating to, among others, the variation of the rights attached to the Preference Shares, a change in dividend policy, the creation of share capital except for the Preference Shares which is not in all aspects uniform with ordinary shares and the winding up of the JV Company.

Condition Precedent:

The obligations of the parties in relation to all of the arrangements and regulations between the parties under the Shareholders’ Agreement, including but not limited to the contribution of the JV Capital Commitment, are conditional on the Company having obtained the approval from its Shareholders in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

If this condition precedent is not fulfilled upon the expiry of three months from the date of the Shareholders' Agreement (or such other period as may be mutually agreed by the parties), the Shareholders' Agreement shall be deemed terminated on the date immediately after the date of such expiration period.

Further Capitalisation:

Subject to the terms of the Shareholders' Agreement and compliance with the Listing Rules, the JV Board may, with the prior authorisation of the JV Shareholders, request financing from the JV Shareholders in the Agreed Proportion as the JV Shareholders may from time to time think fit in keeping up with the ongoing business development and operation, the capital requirements of the JV Company, and in the event where there is a requirement pertaining to the setting up and maintenance of a facility service reserve account arising from the financing of the Projects via the issuance of sukuk bonds.

Financing:

Subject to compliance with the Listing Rules, the JV Shareholders shall, at the request of the JV Board, provide further financing to the JV Company through any of the following channels:

- (a) additional pro-rata capital contribution;
- (b) issuance of the Preference Shares;
- (c) cash call on the JV Shares; or
- (d) shareholder loan financing.

The JV Shareholders shall also agree that the JV Company may obtain third party debt financing in order to fund the business.

LETTER FROM THE BOARD

Transfer of shares:

Any transfer of either all or part of the JV Shares by a JV Shareholder to either its Affiliate, the other JV Shareholders or a third party shall be:

- (a) deemed to include at the same time, the sale or transfer of such JV Shareholder's relevant proportion of any shareholders' loan advanced to the JV Company (or any part thereof proportionate to the transferred JV Shares) and guarantees provided by such JV Shareholder in respect of a loan to the JV Company (if any);
- (b) subject to compliance with the specific conditions precedent set out in the Shareholders' Agreement prior to any transfer of the JV Shares;
- (c) subject to the prior written approval of the other JV Shareholders;
- (d) for transferee Affiliates, bound to ensure the due performance of the Shareholders' Agreement by its transferee Affiliate;
- (e) for transferee Affiliates, such JV Shares or the right to receive or subscribe such JV Shares are required to be transferred back to the JV Shareholder who first transferred such JV Shares or the right to receive or subscribe to such JV Shares to the transferee Affiliate, or to an Affiliate nominated by such JV Shareholder, within 30 business days, unless otherwise agreed by the other JV Shareholders in writing, should the transferee Affiliate cease to become an affiliate of the particular JV Shareholder; and
- (f) for third parties, conditional upon the JV Shareholder first making an offer in writing to the other JV Shareholders on terms no less favourable than those offered to the third parties.

LETTER FROM THE BOARD

Sale Options:

The JV Shareholders acknowledge and agree that subject to the terms of the Shareholders' Agreement:

- (a) BGMC Energy has the right to acquire the JV Shares held by BV Energy in accordance with the BV Energy Option Agreement. Each of DPI Solar 1, AD Solar, Hasilwan Solar and IDIQA Energy has waived its pre-emptive right in respect of the JV Shares held by BV Energy; and
- (b) BGMC Energy has the right to acquire the JV Shares held by IDIQA Energy in accordance with the IDIQA Energy Option Agreement. Each of DPI Solar 1, AD Solar, Hasilwan Solar and BV Energy has waived its pre-emptive right in respect of the JV Shares held by IDIQA Energy.

For further details of the Sale Options, please refer to the section headed "*The Option Agreements*" in this circular.

Change of Control option:

Where a change in Control is proposed in any of the JV Shareholders (the "**CoC Party**"), the other JV Shareholders shall have the option to purchase the JV Shares held by the CoC Party in accordance with the Agreed Proportion.

The purchase price of such JV Shares shall be determined in accordance with the following:

- (a) in the case where there is a price offered by a bona fide third party to purchase such JV Shares, such third party offer price shall be the purchase price of the JV Shares; or

LETTER FROM THE BOARD

(b) where there is no third party offer price and no agreement between the JV Shareholders are reached within a prescribed period, the purchase price of such JV Shares shall be determined based on the fair market value as assessed by an independent assessor (which shall be an internationally recognised and reputable public accounting firm which is qualified to provide an assessment of the fair market value of the JV Shares) appointed by the CoC Party or the other JV Shareholders who intend to purchase the JV Shares. In this circumstance and in determining the fair market value, no premium or discount for the CoC Party's shareholding or for the rights or restrictions shall apply to such JV Shares.

In the case if BGMC Energy is to purchase the JV Shares held by the CoC Party, such purchase shall be subject to compliance with applicable Listing Rules.

Board composition:

The JV Board will consist of five (5) directors, whom may be Malaysian or foreign nationals.

BGMC Energy shall be entitled to nominate two (2) directors, DPI Solar 1 shall be entitled to nominate two (2) directors and AD Solar shall be entitled to nominate one (1) director provided that the directors nominated by the JV Shareholders meet the statutory requirements and they shall be duly appointed by the relevant JV Shareholders to serve on the JV Board.

Dividend and distribution policy:

So far as is consistent with (i) the applicable laws; (ii) the terms of any loan made to the JV Company; and (iii) sound business practice, the JV Shareholders procure that the JV Company will declare and pay maximum dividends up to 100% of the profits made by the JV Company, taking into consideration available cash, the working capital requirement, distributable income and tax cover. The amounts and intervals of the dividend payment shall be determined and declared by the JV Board.

LETTER FROM THE BOARD

Term: The Shareholders' Agreement shall become effective and enforceable from the Effective Date and shall continue until terminated upon the occurrence of any of the following events:

- (a) the termination of the Shareholders' Agreement by written consent of all the JV Shareholders;
- (b) the dissolution of the JV Company or otherwise the JV Company ceases to exist as a separate entity;
- (c) the termination of the businesses of the JV Company;
- (d) the listing of or quotation for securities of the JV Company on any stock exchange; or
- (e) all JV Shares held by one JV Shareholder.

The termination of the Shareholders' Agreement for any cause will not release any of the JV Shareholders from any liability which at the time of termination has already accrued to the other JV Shareholders or which thereafter may accrue in respect of any act or omission prior to such termination.

The DPI Loan Agreement

As stated above, the BGMC Commitment is expected to be fully funded by the DPI Loan. The principal terms of the DPI Loan Agreement are as set out below:

Date: 17 July 2019

Parties: (i) the Company as borrower
(ii) DPI Solar 1 as lender

Loan Amount: USD14,463,196.00 (equivalent to approximately HK\$112.52 million)

Borrowing Period: Six (6) months from the date of the first advance of the DPI Loan

Interest Rate: 6.5% per annum

LETTER FROM THE BOARD

Repayment Schedule: The Company shall repay DPI Solar 1 the DPI Loan in full on the last day of the borrowing period (which is on 16 January 2020), or on the occurrence of an event of default according to the terms of the DPI Loan Agreement.

Security: A corporate guarantee provided by BGMC Corporation, an assignment and charge over a bank account maintained by BGMC Energy, an assignment and charge over the BGMC Holding's stake in Land Companies' RCPS and Land Companies RCPS Subscription Agreements, and a charge over the JV Shares owned by BGMC Energy.

Financial effects of the transactions contemplated under the Shareholders' Agreement and the DPI Loan Agreement on the Group

The BGMC Commitment is expected to be funded by the DPI Loan. Upon the making of the JV Capital Commitment by the JV Shareholders pursuant to the Shareholders' Agreement, BGMC Energy will continue to hold 45.10% of the interest in the JV Company, and the JV Company will continue to be accounted for as an associate company of the Company. The Group's interest in the JV Company will be taken into the accounts of the Company by equity method of accounting. The investment in joint ventures of the Group will be increased by RM39.9 million (equivalent to approximately HK\$74.6 million) and the total liabilities of the Group will be increased by the same amount. The Company considers that there will not be a material effect on the earning of the Group immediately upon making of the JV Capital Commitment by the JV Shareholders pursuant to the Shareholders' Agreement. Accordingly, the entering into of the Shareholders' Agreement and the transactions contemplated thereunder by the Group is therefore not expected to have a material financial effect on the Group.

THE OPTION AGREEMENTS

In connection with the Shareholders' Agreement, on 29 August 2019, BGMC Energy entered into (i) the BV Energy Option Agreement with BV Energy in relation to the BV Energy Sale Option; and (ii) the IDIQA Energy Option Agreement with IDIQA Energy in relation to the IDIQA Energy Sale Option, respectively. Given that it is one of the requirements of the Energy Commission of Malaysia that each of BV Energy and IDIQA Energy (as local companies in Malaysia) shall participate as a JV Shareholder of the JV Company, in order to secure that both BV Energy and IDIQA Energy will have adequate financial resources for making their contributions to the JV Company, BGMC Energy has undertaken to assist each of BV Energy and IDIQA Energy in making of their contributions to the JV Company (including their respective contributions under the JV Capital Commitment and, if any, other future capital contributions) by providing necessary funding to them, where required. The Option Agreements were entered into by BGMC Energy as a way to secure its economic benefits under the undertakings such that in the case if BV Energy and IDIQA Energy fail to make their capital

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contributions to the JV Company (that is, in the case where such capital contributions are made by BGMC Energy for them pursuant to the undertakings), BGMC Energy shall have the option to exercise the BV Energy Sale Option and the IDIQA Energy Sale Option and acquire the respective JV Shares.

Based on the JV Capital Commitment, the aggregate amount of contributions undertaken by BGMC Energy is RM4.4 million. The provision of any future undertakings by BGMC Energy to each of BV Energy and IDIQA Energy will be subject to compliance with the relevant requirements under the Listing Rules.

The principal terms of the BV Energy Option Agreement and the IDIQA Energy Option Agreement are summarised as follows:

BV Energy Option Agreement

- Date:** 29 August 2019
- Parties:** (1) BGMC Energy; and
(2) BV Energy.
- Call Option:** BV Energy grants BGMC Energy an option, but not the obligation, to exercise at BGMC Energy's sole discretion the BV Energy Sale Option at any time between the Unconditional Date and the date when BV Energy ceases to be the registered proprietor or holder of its JV Shares.
- Option Price:** A nominal value of HK\$10.00, which was determined and agreed by BGMC Energy and BV Energy after commercial negotiations and having considered that the intention of the BV Energy Option Agreement is for purpose of securing the economic benefits of BGMC Energy under the undertaking.
- BGMC Energy will fund the payment of the option price by the Group's internal resources.

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Exercise Price: To be determined based on the undertaking given by BGMC Energy to assist BV Energy in making of all the contributions required by the JV Company in the subscription of the JV Shares (through the making of the relevant contributions by BGMC Energy). Other than the capital contribution that BGMC Energy has undertaken, no other factor will be taken into consideration in determining the exercise price of the BV Energy Sale Option. If BGMC Energy decides to exercise the BV Energy Sale Option, it will fund the payment of the exercise price by the Group's internal resources. If BGMC Energy has made any contribution under the undertaking, such contributed amount shall be deducted from the amount to be paid when exercising the BV Energy Sale Option.

Both the option price and the exercise price were arrived at after arm's length negotiations between BGMC Energy and BV Energy.

The exercise of the BV Energy Sale Option by BGMC Energy is subject to compliance with applicable Listing Rules.

Option Period: Any time between the Unconditional Date and the date when BV Energy ceases to be the registered proprietor or holder of its JV Shares.

Condition Precedent: The acceptance and exercise of the BV Energy Sale Option by BGMC Energy is conditional upon the Company having obtained the approval from its Shareholders in accordance with the requirements of the Listing Rules.

IDIQA Energy Option Agreements

Date: 29 August 2019

Parties: (1) BGMC Energy; and
(2) IDIQA Energy.

Call Option: IDIQA Energy grants BGMC Energy an option, but not the obligation, to exercise at BGMC Energy's sole discretion the IDIQA Energy Sale Option at any time between the Unconditional Date and the date when IDIQA Energy ceases to be the registered proprietor or holder of its JV Shares.

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Option Price: A nominal value of HK\$10.00, which was determined and agreed by BGMC Energy and IDIQA Energy after commercial negotiations and having considered that the intention of the IDIQA Energy Option Agreement is for purpose of securing the economic benefits of BGMC Energy under the undertaking.

BGMC Energy will fund the payment of the option price by the Group's internal resources.

Exercise Price: To be determined based on the undertaking given by BGMC Energy to assist IDIQA Energy in making of all the contributions required by the JV Company in the subscription of the JV Shares (through the making of the relevant contributions by BGMC Energy). Other than the capital contribution that BGMC Energy has undertaken, no other factor will be taken into consideration in determining the exercise price of the IDIQA Energy Sale Option. If BGMC Energy decides to exercise the IDIQA Energy Sale Option, it will fund the payment of the exercise price by the Group's internal resources. If BGMC Energy has made any contribution under the undertaking, such contributed amount shall be deducted from the amount to be paid when exercising the IDIQA Energy Sale Option.

Both the option price and the exercise price were arrived at after arm's length negotiations between BGMC Energy and IDIQA Energy.

The exercise of the IDIQA Energy Sale Option by BGMC Energy is subject to compliance with applicable Listing Rules.

Option Period: Any time between the Unconditional Date and the date when IDIQA Energy cease to be the registered proprietor or holder of its JV Shares.

Condition Precedent: The acceptance and exercise of the IDIQA Energy Sale Option by BGMC Energy is conditional upon the Company having obtained the approval from its Shareholders in accordance with the requirements of the Listing Rules.

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Financial effects of the transactions contemplated under the Option Agreements on the Group

The entering into of the Option Agreements and the exercise of the Sale Options will not have material financial effects to the Group. The Group's shareholding in the JV Company will increase to not more than 50.1% if BGMC Energy exercises all the Sale Options and the JV Company will remain as an associate company of the Company given that the exercise of Sale Options would not enable BGMC Energy or the Group to have control over the JV Company (as BGMC Energy will not have control over the JV Board even after the exercise of the Sale Options). The Company is of the view that its investment in the JV Company should be classified as an investment in an associate and has consulted an independent public accounting firm (which is not its auditor) on the above that has concurred with the Company's view above. Please also refer to the annual report of the Group for the financial year ended 30 September 2019 dated 20 February 2020 which reflects the Company's investment in the JV Company as an investment in an associate.

THE DPI SOLAR 1 CALL AND PUT OPTION AGREEMENT

On 29 August 2019, BGMC Energy entered into the DPI Solar 1 Call and Put Option Agreement with DPI Solar 1, the Company and the JV Company in relation to the DPI Solar 1 Options. Apart from the JV Capital Commitment, DPI Solar 1 has also agreed to make capital contribution to the JV Company by subscribing Preference Shares in the JV Company, such that the shareholdings of the other JV Shareholders in the JV Company would not be diluted. Given that the Preference Shares do not carry voting rights, the subscription of the Preference Shares in the JV Company would not result in a change of shareholdings of the other JV Shareholders and as such, their shareholdings in the JV Company would not be diluted. It is the intention among the JV Shareholders that going forward, they shall make further capital contributions to the JV Company, including but not limited to the subscription of the Preference Shares of the JV Company. By entering the DPI Solar 1 Call and Put Option Agreement, the Company or BGMC Energy may own the Preference Shares to be held by DPI Solar 1.

The principal terms of the DPI Solar 1 Call and Put Option Agreement are summarised as follows:

- Date:** 29 August 2019
- Parties:**
- (1) BGMC Energy;
 - (2) the Company;
 - (3) DPI Solar 1; and
 - (4) the JV Company.

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DPI Solar 1 Call Option: DPI Solar 1 has irrevocably agreed to grant to BGMC Energy a call option which may be exercised by BGMC Energy at its sole discretion to purchase the Call Option Shares, representing up to 45.1% of the Preference Shares in the JV Company held by DPI Solar 1 (in the value of approximately USD9.7 million). The number of the Call Option Shares was determined in accordance with the Agreed Proportion (i.e. that BGMC Energy would be holding 45.1% of the JV Shares in the JV Company upon contribution of the JV Capital Commitment by the JV Shareholders).

The call option may be exercised by BGMC Energy at any time during the date of first issue of the Option Shares by DPI Solar 1 and ending on 18 months thereafter (or such later time as may be mutually agreed by the parties), subject to BGMC Energy having repaid all amounts owing to DPI Solar 1 under the DPI Loan.

The exercise period of the DPI Solar 1 Call Option was determined based on the commercial negotiations among the relevant parties. Given that the JV Shares of BGMC Energy were pledged as security of the DPI Loan, if BGMC Energy fails to repay the DPI Loan, DPI Solar 1 may enforce the share charge and accordingly, BGMC Energy will no longer be a JV Shareholder. It is the parties' intention that in such case, the DPI Solar Call Option shall not be exercisable. Accordingly, BGMC Energy may only exercise the DPI Solar 1 Call Option upon the repayment of all amounts owing to DPI Solar 1 under the DPI Loan.

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DPI Solar 1 Put Option: The Company has irrevocably agreed to grant to DPI Solar 1 a put option which may be exercised by DPI Solar 1 at its sole discretion to require the Company to purchase the Put Option Shares, representing 45.1% to up to 50.1% of the Preference Shares in the JV Company held by DPI Solar 1 (in the value of approximately USD9.7 million to USD10.7 million). The number of the Put Option Shares was determined in accordance with the Agreed Proportion (i.e. that BGMC Energy would be holding 45.1% of the JV Shares in the JV Company upon contribution of the JV Capital Commitment by the JV Shareholders). The additional 5% buffer was determined having taking into account the situation where if neither BV Energy nor IDIQA Energy subscribe for any Preference Shares in the JV Company in accordance with the Agreed Proportion (2.5% for BV Energy and 2.5% for IDIQA Energy), DPI Solar 1 shall have the discretion to require the Company to also purchase such numbers of Preference Shares under the DPI Solar 1 Put Option.

The put option may be exercised by DPI Solar 1 at any time during the date of first issue of the Option Shares by DPI Solar 1 and ending on 18 months thereafter (or such later time as may be mutually agreed by the parties), but no earlier than the Put Option Trigger Date.

Under the DPI Solar 1 Call and Put Option Agreement, the DPI Solar 1 Call Option was granted to BGMC Energy, while the DPI Solar 1 Put Option was provided by the Company. This arrangement was reached after commercial negotiations among the parties and, in particular, having considered the available financial resources of the Company in purchasing the Put Option Shares in the case if the DPI Solar 1 Put Option is exercised by DPI Solar 1.

Option Price of the DPI Solar 1 Call Option: A nominal value of USD10, which was determined and agreed by the parties after commercial negotiations and having considered that the intention of the DPI Solar 1 Call and Put Option Agreement is for the Group to eventually hold the Preference Shares of the JV Company.

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Option Price of the DPI Solar 1 Put Option: A nominal value of USD10, which was determined and agreed by the parties after commercial negotiations and having considered that the intention of the DPI Solar 1 Call and Put Option Agreement is for the Group to eventually hold the Preference Shares of the JV Company.

Exercise Price of the DPI Solar 1 Call Option: The subscription price of the Option Shares plus any arrears or accruals of the preferential dividend payable by the JV Company to DPI Solar 1 in respect of the Option Shares (which is at a fixed cumulative dividend rate of 6.5% per annum) but remains unpaid as at the completion date of the DPI Solar 1 Call and Put Option Agreement. Other than the subscription price of the Option Shares and the preferential dividend payable by the JV Company, no other factor will be taken into account in determining the exercise price of the DPI Solar 1 Call Option. If BGMC Energy decides to exercise the DPI Solar 1 Call Option, it will fund the payment of exercise price by the Group's internal resources and/or third party debt financing.

The exercise of the DPI Solar 1 Call Option by BGMC Energy is subject to compliance with applicable Listing Rules.

Exercise Price of the DPI Solar 1 Put Option: The subscription price of the Option Shares plus any arrears or accruals of the preferential dividend payable by the JV Company to DPI Solar 1 in respect of the Option Shares (which is at a fixed cumulative dividend rate of 6.5% per annum) but remains unpaid as at the completion date of the DPI Solar 1 Call and Put Option Agreement. Other than the subscription price of the Option Shares and the preferential dividend payable by the JV Company, no other factor will be taken into account in determining the exercise price of the DPI Solar 1 Put Option. The payment of the exercise price will be funded by the Group's internal resources and/or third party debt financing.

Both the option price and the exercise price of the DPI Solar 1 Call Option and the DPI Solar 1 Put Option were arrived at after arm's length negotiations between BGMC Energy, the Company and DPI Solar 1.

The exercise of the DPI Solar 1 Put Option by DPI Solar 1 is subject to compliance with applicable Listing Rules.

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Condition Precedent: The acceptance and exercise of DPI Solar 1 Call Option by BGMC Energy, the grant of the DPI Solar 1 Put Option by the Company and the exercise of the DPI Solar 1 Put Option by DPI Solar 1 are conditional upon the Company having obtained the approval from its Shareholders in accordance with the Listing Rules.

Financial effects of the transactions contemplated under the DPI Solar 1 Call and Put Option Agreement on the Group

The entering into of the DPI Solar 1 Call and Put Option Agreement will not have material financial effects to the Group. The Group will hold Preference Shares of the JV Company if BGMC Energy exercises all or part of the DPI Solar 1 Call Option and if DPI Solar 1 exercises the DPI Solar 1 Put Option. The liabilities of the Group will increase if the Group finance the exercise price of the DPI Solar 1 Options by third party debt financing. The Company considers that there will not be a material effect on the earning of the Group immediately upon the exercise of the DPI Solar 1 Options.

THE RCPS SUBSCRIPTION AGREEMENT

On 29 August 2019, BGMC Corporation entered into the RCPS Subscription Agreement with BGMC BRAS Power pursuant to which BGMC Corporation will subscribe for the RCPS issued by BGMC BRAS Power at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million). The principal terms of the RCPS Subscription Agreement are summarised as follows:

Date: 29 August 2019

Parties:

- (1) BGMC Corporation, an indirect wholly-owned subsidiary of the Company; and
- (2) BGMC BRAS Power, a company owned as to 95% by BGMC Corporation and 5% by BRAS Ventures.

In order to ensure that BGMC Corporation has available financial resources to subscribe for the RCPS to be issued by BGMC BRAS Power, as a term of the RCPS Subscription Agreement, a subscription agreement is to be entered into between BGMC Corporation and Sparks Energy 1 in relation to the RPS to be issued by BGMC Corporation and to be subscribed by Sparks Energy 1 simultaneously with the execution of the RCPS Subscription Agreement. Please refer to the section headed “*The Sparks Energy 1 Subscription Agreement*” in this circular for details.

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Assets to be acquired: 86,000,000 RCPS (at the value of RM1 each up to a total amount of RM86.0 million) to be issued by BGMC BRAS Power. Up to RM31.7million and RM54.3million RCPS are to be issued by BGMC BRAS Power on 30 August 2019 and 27 September 2019, respectively.

Subject to the availability of distributable profits, the RCPS shall yield a fixed cumulative dividend of 7.5% per annum from the date on which the RCPS has been subscribed by BGMC Corporation. Upon the payment of and in addition to such fixed dividend, BGMC Corporation shall further be entitled to share the remaining distributable profits at such amount and intervals to be determined by the board of BGMC BRAS Power. As defined in the RCPS Subscription Agreement, “distributable profits” refers to all profits in the form of cash which are available each year for distribution from BGMC BRAS Power, which is also in line with the requirements under the Companies Act 2016 of Malaysia. Under the Companies Act 2016 of Malaysia, a company may only make a distribution of dividend to its shareholders out of profits that are available in the company and if the company is solvent (i.e. able to pay its debts as and when they become due within 12 months immediately after the dividend distribution is made).

BGMC Corporation shall be entitled to receive dividend in priority to holders of ordinary shares. In the event of winding-up or return of capital of BGMC BRAS Power, BGMC Corporation has the right to receive, in priority to holders of ordinary shares, the cash payment in full of the subscription price of the RCPS after the payment and discharge of all debts and liabilities of BGMC BRAS Power and the costs of winding-up or such capital reduction exercise.

Further, BGMC Corporation (as the RCPS holder) shall have no voting rights save for matters relating to, among others, the variation of the rights attached to RCPS, a change in dividend policy, the creation of equity share capital except for RCPS which is not in all aspects uniform with ordinary shares and the winding-up of BGMC BRAS Power.

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BGMC Corporation is entitled to, at its option, convert all or any part of the RCPS into ordinary shares of BGMC BRAS Power on the basis of every one RCPS to be converted into one ordinary share of BGMC BRAS Power, and the RCPS shall not be converted prior to the fifth anniversary of the commercial operation date of the Kuala Muda Project, or such other moratorium period on restriction of change or transfer of any of BGMC BRAS Power's shareholding and/or shares, as may be imposed by the Energy Commission of Malaysia, whichever is later. Such number of ordinary shares that are to be issued upon conversion shall be credited as fully paid and rank pari passu in all respects with the ordinary shares then issued in BGMC BRAS Power.

The RCPS is redeemable by BGMC BRAS Power for cash based on RM1.00 per RCPS plus any arrears or accruals of the preferential dividend payable in respect of the RCPS at any time after the date of allotment and issue of the RCPS, and any redemption of the RCPS shall be subject to (i) the full payment for the subscription of the RCPS by BGMC Corporation; (ii) the redemption being made out of BGMC BRAS Power's profits or a fresh issue of shares by BGMC BRAS Power or the capital of BGMC BRAS Power; and (iii) the redemption will not breach or contravene any of the covenants or financing requirements under the senior debt financing for the Kuala Muda Project.

Consideration:

RM86.0 million (equivalent to approximately HK\$160.9 million), which is to be paid in cash in full by BGMC Corporation no later than 30 business days from the date of the RCPS Subscription Agreement.

The consideration was arrived at after arm's length negotiations between BGMC Corporation and BGMC BRAS Power with reference to, among other things, BGMC BRAS Power's capital required in relation to the development of the Kuala Muda Project.

Completion:

BGMC Corporation shall, no later than seven business days from the receipt of a written notification to be issued by BGMC BRAS Power, subscribe to the RCPS and pay the consideration in accordance with the RCPS Subscription Agreement.

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Upon completion, BGMC Corporation will hold 100% of the RCPS of BGMC BRAS Power. If the RCPS are fully converted, BGMC Corporation will hold approximately 99.9% of the enlarged issued share capital of BGMC BRAS Power. BGMC BRAS Power will remain as a non-wholly owned subsidiary of the Company.

BGMC Corporation will fund the consideration for the above RCPS by issuing and allotting 86,000,000 RPS (at the value of RM1.00 each up to a total amount of RM86.0 million) to Sparks Energy 1 at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million). The proceeds from the subscription of the RPS to be issued by BGMC Corporation to Sparks Energy 1 can only be used by BGMC Corporation solely for the purpose of funding its subscription of the RCPS of the BGMC BRAS Power.

The Sparks Energy 1 Subscription Agreement

On 29 August 2019, BGMC Corporation (an indirect wholly-owned subsidiary of the Company) entered into the Sparks Energy 1 Subscription Agreement with Sparks Energy 1 pursuant to which Sparks Energy 1 will subscribe for the 86,000,000 RPS to be allotted and issued by BGMC Corporation at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million). The principal terms of the Sparks Energy 1 Subscription Agreement are summarised as follows:

- Date:** 29 August 2019
- Parties:**
- (1) BGMC Corporation, an indirect wholly-owned subsidiary of the Company; and
 - (2) Sparks Energy 1, an indirect wholly-owned subsidiary of the JV Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sparks Energy 1 and its ultimate beneficial holders are third parties independent of the Company and its connected persons (other than BGMC Energy which is an indirect wholly-owned subsidiary of the Company).

- Assets to be acquired:** 86,000,000 RPS (at the value of RM1.00 each up to a total amount of RM86.0 million) to be issued by BGMC Corporation. Up to RM31.7 million and RM54.3 million RPS are to be issued by BGMC Corporation on 29 August 2019 and 26 September 2019, respectively.

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Subject to the availability of distributable profits, the RPS shall yield a fixed cumulative dividend of 7.5% per annum from the date on which the RPS has been subscribed by Sparks Energy 1. Upon the payment of and in addition to such fixed dividend, Sparks Energy 1 shall further be entitled to share the remaining distributable profits at such amount and intervals to be determined by the board of BGMC Corporation, subject to the amount of such additional distributable profits being limited to the profits that are derived from additional dividends actually received by BGMC Corporation from its investment or subscription of the RCPS issued by the Project Company. As defined in the Sparks Energy 1 Subscription Agreement, “distributable profits” refers to all profits in the form of cash which are available each year for distribution from BGMC Corporation, which is also in line with the requirements under the Companies Act 2016 of Malaysia. Under the Companies Act 2016 of Malaysia, a company may only make a distribution of dividend to its shareholders out of profits that are available in the company and if the company is solvent (i.e. able to pay its debts as and when they become due within 12 months immediately after the dividend distribution is made).

Sparks Energy 1 shall be entitled to receive dividend in priority to holders of ordinary shares. In the event of winding-up or return of capital of BGMC Corporation, Sparks Energy 1 has the right to receive, in priority to holders of ordinary shares, the cash payment in full of the subscription price of the RPS after the payment and discharge of all debts and liabilities of BGMC Corporation and the costs of winding-up or such capital reduction exercise.

Further, Sparks Energy 1 shall have no voting rights save for matters relating to, among others, the variation of the rights attached to RPS, a change in dividend policy, the creation of share capital except for RPS which is not in all aspects uniform with ordinary shares and the winding-up of BGMC Corporation.

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The RPS is redeemable by BGMC Corporation for cash based on RM1.00 per RPS plus any arrears or accruals of the preferential dividend payable in respect of the RPS one year after the commercial operation date of the Kuala Muda Project, and any redemption of the RPS shall be subject to (i) the full payment for the subscription of the RPS by Sparks Energy 1; (ii) the redemption being made out of BGMC Corporation's profits or a fresh issue of shares by BGMC Corporation or the capital of BGMC Corporation; and (iii) the redemption will not breach or contravene any of the covenants or financing requirements under the senior debt financing for the Kuala Muda Project.

Consideration:

RM86.0 million (equivalent to approximately HK\$160.9 million), which is to be paid in cash in full by Sparks Energy 1 no later than 30 business days from the date of the Sparks Energy 1 Subscription Agreement.

The consideration was arrived at after arm's length negotiations between Sparks Energy 1 and BGMC Corporation with reference to, among other things, BGMC Corporation's capital required in relation to the development of the Kuala Muda Project.

Completion:

Sparks Energy 1 shall, no later than seven business days from the receipt of a written notification to be issued by BGMC Corporation, subscribe to the RPS and pay the consideration in accordance with the Sparks Energy 1 Subscription Agreement.

Upon completion, Sparks Energy 1 will hold 100% of the RPS of BGMC Corporation.

Information on the Projects and the transaction arrangements

It is in line with the general industry practice involving infrastructure projects in Malaysia that project owners, such as the Project Companies, are special purpose vehicles merely set up to be the project owners or legal owners to whom infrastructure concessions of the projects involved are awarded. The Project Companies are the parties to whom the Energy Commission of Malaysia awarded the Projects and will remain as the primary parties to deal directly with the Energy Commission of Malaysia on the Projects. As the project owners of the Projects, each of the Project Companies has entered into a power purchase agreement (the "PPA") with Tenaga Nasional Berhad ("TNB") to (i) design, construct, own, operate and maintain the Projects, and (ii) deliver and sell to TNB the solar photovoltaic energy to be generated from the Projects for a period of 21 years from the commercial operation date, subject to TNB paying energy payments

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to the Project Companies accordance with the terms and conditions under the PPAs. Apart from the PPAs, the Project Companies will also be the contracting parties to other contracts to be entered into in connection with the Projects, such as management service contracts to be entered into with the JV Company, and contracts to be entered into with the engineering, procurement, construction and commissioning contractors (the “**EPCC Contractor**”).

The Kuala Muda Project was awarded to BGMC BRAS Power by the Energy Commission of Malaysia, which was accepted by BGMC BRAS Power on 24 April 2018. For further details of BGMC BRAS Power, please refer to the section headed “*Information on BGMC BRAS Power*” in this circular. The Machang Project was awarded to Idiwan Solar (which is owned as to 95% by IDIQA) by the Energy Commission of Malaysia, which was accepted by Idiwan Solar on 24 April 2018. Both Projects have achieved their financial closing date on 30 September 2019 and are expected to commence commercial operation in or around September 2020.

It is anticipated that pursuant to the above management services contracts, the JV Company will support and provide to the Project Companies services such as (i) the design, development, construction and maintenance of the solar photovoltaic energy generating facilities under the Projects, (ii) the sourcing the suitable land required for the development of the Projects, and arranging the long-term lease contracts between each of the Project Companies and the land owners on suitable commercial terms; (iii) the assistance to the Project Companies in the selection, assessment and evaluation of appropriate parties to be involved in the Projects, including the appointment of the EPCC Contractors and financiers; (iv) the management of the entire Projects based on the requirements under the PPAs, and (v) the selection of operation and maintenance operators (the “**O&M Operators**”) of the Projects after the construction of the Projects has been completed, and the supervision of the performance of the O&M Operators.

By having the JV Shareholders to first contribute to the JV Company via the Shareholders’ Agreement, followed by Sparks Energy 1 (a wholly-owned subsidiary of the JV Company) providing capital contribution to BGMC BRAS Power via both the RCPS Subscription Agreement and the Sparks Energy 1 Subscription Agreement, such arrangement enables the JV Shareholders to indirectly finance the Kuala Muda Project (which is legally owned by BGMC BRAS Power) through equity fund raisings but without changing the shareholding structure of BGMC BRAS Power. This complies with the provisions set out in the Guidelines on Large Scale Solar Photovoltaic Plant for Connection to Electricity Networks (Version 2) issued by the Energy Commission of Malaysia on 17 February 2017 and the requirements stipulated in the Request For Proposal for large-scale solar photovoltaic plants issued by the Energy Commission of Malaysia on 20 February 2017, which provide that once a concession award has been granted, there can be no change in the shareholding structure of the project owners to whom the concession projects are awarded within a period of five years from the relevant scheduled commercial operation date of the solar projects.

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Information on the JV Company

The JV Company was set up by the JV Shareholders on 16 October 2018 for the purpose of investment holding. At the time of its incorporation, the JV Company had a share capital of 1,000 JV Shares, and the shareholders of the JV Company were BGMC Energy, DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy and IDIQA Energy, which held 451, 350, 99, 50, 25 and 25 JV Shares, respectively.

As at the Latest Practicable Date:

- (a) the JV Company has an issued and paid-up capital of HK\$10.00 divided into 1,000 ordinary shares of HK\$0.01 each, which are held as to approximately 45.1%, 35.0%, 9.9%, 5.0%, 2.5% and 2.5% by BGMC Energy, DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy and IDIQA Energy, respectively, and has an issued and paid-up capital of USD21,430,000 divided into 21,430,000 preference shares of USD1.00 each, which is held by DPI Solar 1. It is accounted for as an associate company of the Company; and
- (b) the Project Companies have respectively appointed an indirect wholly-owned subsidiary of the JV Company as the project manager of the Projects by entering into a management services agreement on 31 May 2019. As the project manager of the Projects, the JV Company would be responsible for operating, managing and maintaining the Projects, as well as for obtaining relevant debt and/or equity financings for the Projects. The provision of management services in relation to the Projects is in the ordinary and usual course of business of the JV Company and its subsidiaries.

Given that BGMC Energy is one of the JV Shareholders and is entitled under the Shareholders' Agreement to nominate two directors on the JV Board, it is entitled to be involved, but do not have control over, the overall management and strategic direction of the JV Company. BGMC Energy does not have any direct management over and would not be involved in the daily operation of the Projects, other than through the JV Company. Apart from (i) the involvement of BGMC Energy as a JV Shareholder and its right to nominate directors on the JV Board; and (ii) the role of BGMC BRAS Power as the project owner of the Kuala Muda Project, the Company or the Group does not have any other roles and responsibilities in the JV Company and/or in the Projects.

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As mentioned above, the JV Company will fund its future operations on a joint venture basis in the manners as set out in the Shareholders' Agreement. Given that the JV Company was only incorporated on 16 October 2018, the unaudited financial information of the JV Company and its subsidiaries for the eleven months financial period ended 30 September 2019 is set out below:

	For the eleven months financial period ended 30 September 2019 (RM)
Net loss before taxation	349,006
Net loss after taxation	361,732

As at 30 September 2019, the unaudited net asset of the JV Company was RM361,727 (equivalent to approximately HK\$676,755).

Information on the Other JV Shareholders

DPI Solar 1 was incorporated in Singapore and through its associates in Japan, possesses extensive experiences as a project developer of large-scale solar power plant projects, with professional knowledge and technical expertise including origination, design, commercial and financial planning, developing and operating of such projects.

Hasilwan Solar was incorporated in Malaysia and is a subsidiary of Hasilwan. Hasilwan was incorporated in Malaysia and is principally engaged in the business of supply and installation of various power electrical equipment and a provider of power engineering solutions.

AD Solar was incorporated in Singapore and is a wholly-owned subsidiary of AD. AD was incorporated in Japan and is principally engaged in the business of solar project development, investment, construction and installation works, commissioning, and operation and maintenance. AD had been involved in large-scale solar power plant projects as a construction contractor as well as a maintenance contractor.

BV Energy was incorporated in Malaysia and is a wholly-owned subsidiary of BRAS Ventures. BRAS Ventures was incorporated in Malaysia and is wholly owned by Bumiputra. It is principally engaged in the business of civil and building construction, mechanical and electrical services, and power transmission and distribution.

LETTER FROM THE BOARD

IDIQA Energy was incorporated in Malaysia and is a wholly-owned subsidiary of IDIQA. IDIQA was incorporated in Malaysia and is wholly owned by Bumiputra. It is principally engaged in the business of civil and building construction, mechanical and electrical services, and power transmission and distribution in both private and governmental sectors.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy, IDIQA Energy and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Information on BGMC BRAS Power

BGMC BRAS Power is a company incorporated in Malaysia. It is principally engaged in the development of projects relating to the provision of renewable energy and is the project company of the Kuala Muda Project. As at the Latest Practicable Date, it is owned as to 95% by BGMC Corporation and 5% by BRAS Ventures and is an indirect non-wholly owned subsidiary of the Company. It does not have any shareholding relationship with the JV Company.

BGMC BRAS Power is the legal owner of the Kuala Muda Project which was awarded to BGMC BRAS Power by the Energy Commission of Malaysia and accepted by BGMC BRAS Power on 24 April 2018. As a Project Company, it is responsible for developing, maintaining and operating the power plant under the Kuala Muda Project. BGMC BRAS Power intends to further fund its future operations by way of a debt financing pursuant to which BGMC Corporation has agreed to subscribe for the RCPS to be issued by BGMC BRAS Power at a consideration of RM86.0 million (equivalent to approximately HK\$160.9 million) upon the terms and conditions of the RCPS Subscription Agreement.

BGMC Corporation, in turn, has agreed to issue the RPS to Sparks Energy 1 at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million) to fund its subscription of the RCPS to be issued by BGMC BRAS Power upon the terms and conditions of the Sparks Energy 1 Subscription Agreement.

The audited financial information of BGMC BRAS Power for the financial year ended 30 September 2019 is set out below:

	For the financial year ended 30 September 2019 (RM)
Net profit before taxation	309,890
Net profit after taxation	323,090

LETTER FROM THE BOARD

As at 30 September 2019, the net asset value of BGMC BRAS Power was RM561,698 (equivalent to approximately HK\$1.05 million).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

To enhance the Group's profit position and investment portfolio, the Group has been making continuous efforts in identifying projects with promising profit and development potential.

It is in line with the general industry practice involving infrastructure projects in Malaysia that project owners will not handle the entire development, operation and maintenance of projects by themselves. Instead, they will generally outsource the construction and development as well as the management and operation of the projects involved to various external parties which possess the requisite technical expertise, skills, know-how and experience, including management services companies. Considering the potential development in the solar industry in Malaysia and the prospects of management services companies in relevant industries, the Group sees the investment in the JV Company as a valuable investment opportunity and an organic platform to seize upon the potential business opportunities to participate in the development and operation of other solar concession projects in Malaysia and in the ASEAN region in the long run.

The JV Company will enable the Group, together with the other shareholders of the JV Company, to combine their technical expertise, skills, know-how and experience so as to achieve economies of scale and synergy benefits in their provision of comprehensive management services and supports in connection with the construction, management, operation and maintenance of solar power plant projects. In addition, given that BGMC BRAS Power is the project company of the Kuala Muda Project, the issue of the RCPS by BGMC BRAS Power to BGMC Corporation serves to provide the required funding to BGMC BRAS Power in furtherance of the Kuala Muda Project.

Under the current arrangements, the Company has an overall financial exposure of approximately RM44.3 million (equivalent to approximately HK\$82.9 million), which consists of: (i) the BGMC Commitment to be made to the JV Company in the amount of RM39.9 million; and (ii) the capital contributions which may be made by BGMC Energy under the undertakings given to BV Energy and IDIQA Energy with an amount of not more than RM4.4 million. Further, upon the exercise of the DPI Solar 1 Call Option by BGMC Energy, BGMC Energy would purchase up to 45.1% of the DPI Solar 1 Option Shares (representing up to about 9.7 million Preference Shares of USD1.00 per share of the JV Company); and upon the exercise of the DPI Solar 1 Put Option by DPI Solar 1, the Company would be required to purchase up to 50.1% of the DPI Solar 1 Option Shares (representing up to about 10.7 million Preference Shares of USD1.00 per share of the JV Company). With materialization of the current arrangement, the Group will have an investment in JV Shares and/or amount receivable from JV Company of approximately RM39.9 million (or approximately RM44.3 million upon exercise of the Sale Options), and investment in Preference Shares of not more than USD10.7 million. Liabilities of the Group will increase correspondingly.

LETTER FROM THE BOARD

Accordingly, the Board considers that it is in the interests of the Group to enter into each of the Agreements. The Directors believe that the terms of each of the Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is a full-fledged, integrated solutions provider in the construction service sector and concession and maintenance sector. Construction service sector principally engaged in the provision of a wide range of construction services in Malaysia, such as building and structural construction works, mechanical and electrical installation works, earthwork and infrastructure construction works as well as energy infrastructure works. As for the concession and maintenance sector, the Group undertake long-term concession projects and provide related asset management services.

BGMC Energy, incorporated in Malaysia, is an indirect wholly-owned subsidiary of the Company and is principally engaged in the investment in the solar power infrastructure business.

BGMC Corporation, incorporated in Malaysia, is an indirect wholly-owned subsidiary of the Company and is principally engaged in the businesses of building construction and investment holding.

BGMC BRAS Power, incorporated in Malaysia, is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the development of projects relating to the provision of renewable energy and is the project company of the Kuala Muda Project.

LISTING RULES IMPLICATIONS

The Shareholders' Agreement

As the applicable percentage ratios in respect of the Shareholders' Agreement and the transactions contemplated thereunder exceed 25% but all of the percentage ratios are less than 100%, the entering into of the Shareholders' Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The Option Agreements

As the exercise of the BV Energy Sale Option is at the sole discretion of BGMC Energy, pursuant to Rule 14.75 of the Listing Rules, only the premium will be taken into consideration for the purposes of transaction classification at the time of the acceptance of the grant of the BV Energy Sale Option by BGMC Energy. As the premium payable is HK\$10.00, all the applicable percentage ratios in respect of the BV Energy Option Agreement and the transactions contemplated thereunder are less than 5%. Accordingly, the entering into of the BV Energy Option Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the exercise of the IDIQA Energy Sale Option is at the sole discretion of BGMC Energy, pursuant to Rule 14.75 of the Listing Rules, only the premium will be taken into consideration for the purposes of transaction classification at the time of the acceptance of the grant of the IDIQA Energy Sale Option by BGMC Energy. As the premium payable is HK\$10.00, all the applicable percentage ratios in respect of the IDIQA Energy Option Agreement and the transactions contemplated thereunder are less than 5%. Accordingly, the entering into of the IDIQA Energy Option Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The DPI Solar 1 Call and Put Option Agreement

As the exercise of the DPI Solar 1 Call Option is at the sole discretion of BGMC Energy, pursuant to Rule 14.75 of the Listing Rules, only the premium will be taken into consideration for the purposes of transaction classification at the time of the acceptance of the grant of the DPI Solar 1 Call Option by BGMC Energy. As the premium payable is USD10.00, all the highest applicable percentage ratios in respect of the DPI Solar 1 Call Option and the transactions contemplated thereunder are less than 5%. Accordingly, the grant of the DPI Solar 1 Call Option under the DPI Solar 1 Call and Put Option Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The exercise of the DPI Solar 1 Put Option is at the sole discretion of DPI Solar 1. As the exercise price of the DPI Solar 1 Put Option is to be determined with reference to the subscription price of the Option Shares together with any arrears or accruals of dividends payable by the JV Company to DPI Solar 1, which cannot be ascertained at the time of the grant, the actual monetary value of the exercise price of the DPI Solar 1 Put Option cannot be determined at the time of the grant. Accordingly, pursuant to Rule 14.76 of the Listing Rules, the grant (and presumed exercise) of the DPI Solar 1 Put Option under the DPI Solar 1 Call and Put Option Agreement constitutes a major transaction of the Company subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The RCPS Subscription Agreement

Given that both BGMC Corporation and BGMC BRAS Power are indirect subsidiaries of the Company and the allotment and issue of the RCPS by BGMC BRAS Power will not result in the reduction or dilution of the equity interest of the Company in BGMC BRAS Power, the entering into of the RCPS Subscription Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

When BGMC Corporation proposes to exercise the conversion right attached to the RCPS, it will comply with the applicable requirements under the Listing Rules for the acquisition of equity interest in BGMC BRAS Power.

The Sparks Energy 1 Subscription Agreement

Given that the RPS of BGMC Corporation does not carry voting rights except in limited circumstances and there is no convertible feature in the RPS, the allotment and issue of the RPS by BGMC Corporation will not result in the reduction or dilution of the equity interest of the Company in BGMC Corporation. As such, the entering into of the Sparks Energy 1 Subscription Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Aggregation under Rule 14.22 of the Listing Rules

On 25 July 2019, BGMC Holdings entered into the Land Companies RCPS Subscription Agreements pursuant to which BGMC Holdings subscribed for 50% of the RCPS of each of the Land Companies at a total consideration of USD5,363,196 (equivalent to approximately HK\$41.7 million), details of which are set out in the announcements of the Company dated 25 July 2019 and 14 August 2019.

Given that the (i) Shareholders' Agreement; (ii) Option Agreements; and (iii) DPI Solar 1 Call and Put Option Agreement together with the Land Companies RCPS Subscription Agreements, were all entered into by the Group within a period of 12 months, and are all part of an arrangement and entered into by the Group for the purpose of facilitating the development and operation of solar concession projects, the Agreements and the Land Companies RCPS Subscription Agreements and the transactions contemplated thereunder are to be aggregated in accordance with Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Shareholders' Agreement, the Option Agreements, the DPI Solar 1 Call and Put Option Agreement, the Land Companies RCPS Subscription Agreements and the transactions contemplated thereunder, in aggregate, exceed 25% but less than 100%, the Shareholders' Agreement, the Option Agreements and the DPI Solar 1 Call and Put Option Agreement constitute major transactions of the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

The Company will, upon the exercise of the (i) BV Energy Sale Option; (ii) IDIQA Energy Sale Option; (iii) DPI Solar 1 Call Option; (iv) DPI Solar 1 Put Option; and (v) the exercise of its rights to convert all or any part of the RCPS of BGMC BRAS Power into ordinary shares of BGMC BRAS Power, comply with the relevant Listing Rules requirements, if applicable.

GENERAL

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries,

- (a) no Shareholder was required to abstain from voting if the Company were to convene a general meeting for approving the Shareholders' Agreement, the Option Agreements and the DPI Solar 1 Call and Put Option Agreement;
- (b) Tan Sri Dato' Sri Goh Ming Choon (who owns 100% of Prosper International) and Dato' Teh Kok Lee (who owns 100% of Seeva International), being a closely allied group of Shareholders pursuant to a concert party confirmatory deed dated 15 December 2016, in aggregate held through Prosper International and Seeva International, respectively, an aggregate of 1,208,250,000 Shares, representing approximately 67.1% of the issued Shares; and
- (c) there is (i) no voting trust or other arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

Accordingly, pursuant to Rule 14.44 of the Listing Rules, the Company is permitted to seek, and has obtained, written approval from Prosper International and Seeva International in accordance with Rule 14.44 of the Listing Rules in lieu of a general meeting to approve the Shareholders' Agreement, the Option Agreements and the DPI Solar 1 Call and Put Option Agreement and the transactions contemplated thereunder. No general meeting of the Company will be convened for the purpose of approving the aforementioned agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

As at the date of this circular, the Board comprises of Tan Sri Dato' Sri Goh Ming Choon (Chairman), Dato' Mohd Arifin bin Mohd Arif (Vice-Chairman), Dato' Teh Kok Lee (Chief Executive Officer) and Ir. Azham Malik bin Mohd Hashim as executive Directors; and Tan Sri Dato' Seri Kong Cho Ha, Chan May May and Ng Yuk Yeung as independent non-executive Directors.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the years ended 30 September 2017, 30 September 2018 and 30 September 2019 are disclosed in the annual reports of the Company for the years ended 30 September 2017, 2018, and 2019, respectively. All of which are published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bgmc.asia):

- (i) annual report of the Company for the year ended 30 September 2017 (pages 77 to 81):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0122/ltn20180122340.pdf>

- (ii) annual report of the Company for the year ended 30 September 2018 (pages 85 to 89):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0114/ltn20190114450.pdf>

- (iii) annual report of the Company for the year ended 30 September 2019 (pages 98 to 102):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0228/2020022800942.pdf>

2. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the financial year ended 30 September 2019, the Group reported an audited revenue of RM353.74 million (equivalent to approximately HK\$661.81 million), and a loss attributable to owners of the Company of RM53.06 million (equivalent to approximately HK\$99.27 million). The Group's construction services sector reported a record high outstanding order book of RM1.20 billion (equivalent to HK\$2.25 billion) to fuel the revenue of the Group in the next 24 to 36 months, after having successfully secured ten (10) new contracts worth RM552.70 million (equivalent to approximately HK\$1.03 billion) in total during the year. The Group also continues to be benefited from the concession contract with Universiti Teknologi MARA ("UiTM") under the concession and maintenance sector, which provides a recurring source of income in the remaining 16 years and 2 months. Such recurring income receivable over the remaining concession period stood at RM962.30 million (equivalent to approximate HK\$1.80 billion) in total as at 30 September 2019.

The Board believes that the JV Company would enable the Group to expand the Group's concession and maintenance sector and generate another source of recurring income for the Group. It offers an organic platform for the Group to participate in the development and operation of other solar concession projects in Malaysia and the ASEAN region in the future, given the potential of the solar power industry development in Malaysia and global trend towards renewable energy. Such joint venture sparks synergy and economies of scale, and benefits the Group in its ordinary course of business whilst providing access to technical expertise and know-how of the industry.

3. STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

As at 29 February 2020, the Group has secured and guaranteed bank loans of RM252.47 million (equivalent to approximately HK\$472.34 million), lease liabilities of RM24.92 million (equivalent to approximately HK\$46.63 million), secured and guaranteed bank overdrafts of RM8.47 million (equivalent to approximately HK\$15.84 million), and secured and guaranteed other borrowing of USD5.36 million (equivalent to approximately HK\$41.73 million). The Group has issued unsecured and unguaranteed redeemable preference shares (“RPS”) of RM31.73 million (equivalent to approximately HK\$59.36 million) and the RPS remained outstanding as at 29 February 2020.

As at 29 February 2020, the Group has an authorised or otherwise created but unissued sukuk bonds amounting to RM106.00 million (equivalent to approximately HK\$198.32 million) and RPS of RM54.27 million (equivalent to approximately HK\$101.53 million) to be issued in the future periods. The sukuk bonds are secured and unguaranteed and the RPS are unsecured and unguaranteed.

Contingent liabilities

Except for the outstanding claims and litigations as described in the section with heading “Litigations” in the Appendix II to this circular, in which the Directors are of the opinion that the estimated contingent liabilities arising from the litigations cannot be reasonably ascertained. The Group has no other significant contingent liabilities as at the Latest Practicable Date.

Securities and charges

As at 29 February 2020, the Group has the following securities and charges for the following borrowing arrangements:

- (a) for general banking facility agreements with a total limit of approximately RM87.73 million (equivalent to approximately HK\$164.14 million), and project contract financing under banking facility agreements with a total limit of RM216.11 million (equivalent to approximately HK\$404.32 million), securities are provided via a memorandum of legal charge over certain fixed deposits of the Group of approximately RM37.36 million (equivalent to approximately HK\$69.89 million), a deed of assignment of a certain property, assignment of considerations received from customers of the Group and corporate guarantees by the Company and/or its subsidiaries;

- (b) for a term loan with a total facility limit of approximately RM269.37 million (equivalent to approximately HK\$503.96 million) entered into in 2016 to finance the construction of the UiTM campus, securities are provided via:
- (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;
 - (iv) assignment of all rights, title, interest, and benefits of a subsidiary under:
 - (1) the lease agreement entered into between a subsidiary as lessee and UiTM as lessor in respect of the land for constructing the UiTM campus, and
 - (2) the sub-lease agreement entered into between the said subsidiary as sub-lessor and UiTM as sub-lessee in respect of the land for constructing the UiTM campus;
 - (v) assignment of all the present and future rights, title, interest and benefits of subsidiary under the construction contract of the UiTM campus;
 - (vi) assignment over the designated accounts. The restricted fixed deposit as at 29 February 2020 are RM13.93 million (equivalent to approximately HK\$26.06 million);
 - (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 arising from the project; and
 - (viii) corporate guarantee by the immediate and penultimate holding companies of the abovementioned subsidiary;
- (c) for other borrowing of USD5.36 million (equivalent to approximately HK\$41.73 million), securities and charges are stated in the section under “The DPI Loan Agreement” in the Letter From The Board in this circular;

- (d) the Group had outstanding lease liabilities of approximately RM5.47 million (equivalent to approximately HK\$10.24 million), which were secured by certain property, plant and equipment and jointly and severally guaranteed by the Company and/or its subsidiaries, and had outstanding lease liabilities of approximately RM0.88 million (equivalent to approximately HK\$1.65 million), which were secured by certain rental deposits and unguaranteed, and there are outstanding lease liabilities of approximately RM18.57 million (equivalent to approximately HK\$34.74 million), which were unsecured and unguaranteed; and
- (e) the RPS issued and outstanding of RM31.73 million (equivalent to approximately HK\$59.36 million), which is unsecured and unguaranteed.

Save as disclosed here in and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, as at 29 February 2020, the Group does not have any other material debt securities, issued or outstanding, or authorised or otherwise created but unissued, term loan, other borrowing or indebtedness in the nature of borrowing of the Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgages, charges, covenants, other contingent liabilities or guarantees.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account (i) the present internal resources; (ii) presently available facilities from banks and financial institutions; (iii) the proceeds to be received from issuance of RPS pursuant to the subscription agreement dated 29 August 2019 and entered into between BGMC Corporation Sdn. Bhd. as issuer and Sparks Energy 1 Sdn. Bhd. as subscriber; and (iv) the proceeds to be received from issuance of sukuk bonds pursuant to the programme agreement dated 30 September 2019 and entered into, among others, BGMC BRAS Power Sdn. Bhd. as issuer and OCBC Bank (Malaysia) Berhad as facility agent, the Group would have sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered on the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Shares

Name of Directors	Capacity/Nature of Interests	Interests in Shares	Percentage of shareholding ^(Note 3)
Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Barry Goh") ^(Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Teh Kok Lee ^(Note 1)	Interest of a controlled corporation and interests held jointly with another person	1,208,250,000 (L)	67.1%
Dato' Mohd Arifin bin Mohd Arif ("Dato' Arifin") ^(Note 2)	Interest of a controlled corporation	141,750,000 (L)	7.9%

"L" denotes long position

Notes:

1. On 15 December 2016, Tan Sri Barry Goh and Dato' Teh Kok Lee 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 the Company and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in the Prospectus.

As at the Latest Practicable Date, 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' Teh Kok Lee. Each of Tan Sri Barry Goh and Dato' Teh Kok Lee is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

2. The entire issued Share capital of Kingdom Base Holdings Limited ("**Kingdom Base**") is owned by Dato' Arifin, and therefore, Dato' Arifin is deemed to be interested in all the 141,750,000 Shares held by Kingdom Base under the provisions of SFO.
3. These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at the Latest Practicable Date.

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' Teh Kok Lee	Seeva International	Beneficial owner	1	100%

Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register 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 Divisions 7 and 8 of Part XV of the SFO or the Model Code set out in Appendix 10 to the Listing Rules.

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

As at the Latest Practicable Date, the following persons/entities had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

“L” denotes long position

Notes:

- On 15 December 2016, Tan Sri Barry Goh and Dato' Teh Kok Lee entered into a 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 the Company and would continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed “History, Development and Reorganisation – Concert Party Confirmatory Deed” in the Prospectus.

As at the Latest Practicable Date, 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' Teh Kok Lee. Each of Tan Sri Barry Goh and Dato' Teh Kok Lee is deemed to be interested in all the Shares held or deemed to be held by them in aggregate by virtue of the SFO.

- These percentages are calculated on the basis of 1,800,000,000 Shares in issue as at the Latest Practicable Date.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the within one year without payment of compensation (other than statutory compensation).

4. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group after the date two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Land Companies RCPS Subscription Agreements, pursuant to which BGMC Holdings subscribed for 50% of the RCPS of each of the Land Companies at a total consideration of USD5,363,196.0 (equivalent to approximately HK\$41.7 million);
 - (b) the Agreements:
 - (i) the Shareholders' Agreement, with DPI Solar 1, Hasilwan Solar, AD Solar, BV Energy, IDIQA Energy and the JV Company for purpose of regulating their rights and obligations, including their further investments and/or contributions, in the JV Company, pursuant to which a capital commitment in the sum of approximately RM88.5 million (equivalent to approximately HK\$165.5 million) is to be contributed by the JV Shareholders to the JV Company;
 - (ii) the Option Agreements, with BV Energy and IDIQA Energy, respectively. Pursuant to the Option Agreements, BGMC Energy is granted an option to acquire the JV Shares held by BV Energy and IDIQA Energy (as the case may be) at a nominal value of HK\$10.00 (with the exercise price to be determined); and
 - (iii) the DPI Solar 1 Call and Put Option Agreement, with DPI Solar 1 and the JV Company, pursuant to which (aa) the DPI Solar 1 Call Option was granted by DPI Solar 1 to BGMC Energy at a nominal value of USD10.00 (with the exercise price to be determined); and (bb) the DPI Solar 1 Put Option was granted by the Company to DPI Solar 1 at a nominal value of USD10.00 (with the exercise price to be determined);
- and
- (c) the RCPS Subscription Agreement, with BGMC BRAS Power, pursuant to which BGMC Corporation will subscribe for the RCPS issued by BGMC BRAS Power at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million); and
 - (d) the Sparks Energy 1 Subscription Agreement, with Sparks Energy 1, pursuant to which Sparks Energy 1 will subscribe for the 86,000,000 RPS to be allotted and issued by BGMC Corporation at a total consideration of RM86.0 million (equivalent to approximately HK\$160.9 million).

5. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Group since 30 September 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. LITIGATIONS

- (a) On 28 March 2019, the Company received a writ of summons together with an indorsement of claim dated 19 March 2019 issued in the High Court of Shah Alam, Malaysia by 47 plaintiffs against Kingsley Hills Sdn. Bhd. as the first defendant and BGMC Corporation Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, as the second defendant. Please refer to the Company's announcement of 28 March 2019 for further details of the litigation.

As at the Latest Practicable Date, BGMC Corporation Sdn. Bhd. has filed an interlocutory application to strike out the plaintiffs' case as well as a counterclaim against the plaintiffs (claiming for alleged additional liquidated ascertained damages ("LAD") absorbed in good faith and spirit of the full and final settlement agreement). The striking out application was first heard on 9 January 2020 and went on for a continued hearing on 5 February 2020. Thereafter, the learned high court judge has set another date for further submission and hearing on 12 May 2020.

The Directors are of the opinion that it is probable that BGMC Corporation Sdn. Bhd. has a meritable and arguable case to defeat the plaintiffs' claim for additional LAD. As a result, no provision has been made as at 29 February 2020.

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

The Directors, after taking appropriate legal advice, are of the opinion that it is probable that BME has a chance to dismiss the claim and be successful in the counterclaim with the quantum to be fixed by the court. Accordingly, no provision has been made as at 29 February 2020.

7. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective close associates had any business or interests in business, apart from the business of the Group, which competes or is likely to compete, or is in conflict or is likely to be in conflict, either directly or indirectly, with the business of the Group.

8. OTHER INTEREST OF THE DIRECTORS

As at the Latest Practicable Date, save as disclosed in this circular and in the Company's announcement of 10 September 2019:

- (a) none of the Directors had any interest, either director or indirect, in any assets which have, since 30 September 2019 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which is subsisting as at the date of this circular and is significant in relation to the business of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong for a period of 14 days from the date of this circular:

- (a) the amended and restated Memorandum and Articles of Association of the Company;
- (b) the annual reports of the Company for the last two financial years ended 30 September 2018 and 30 September 2019;
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix; and
- (d) this circular.

10. GENERAL

- (a) The company secretary of the Company is Sir Kwok Siu Man KR. He is a fellow member of The Institute of Public Accountants in Australia, The Institute of Chartered Secretaries and Administrators, The Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries, The Association of Hong Kong Accountants and The Hong Kong Institute of Directors.
- (b) The registered office of the Company is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The principal place of business of the Company in Malaysia is A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia.
- (d) The principal place of business of the Company in Hong Kong is 31/F, 148 Electric Road, North Point, Hong Kong.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (f) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.