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**BGMC International Limited**

**璋利國際控股有限公司**

*(a company incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1693)**

**UPDATE ANNOUNCEMENT IN RESPECT OF  
(1) PROPOSED DEBT RESTRUCTURING OF A SUBSIDIARY;  
AND  
(2) CONTINUED SUSPENSION OF TRADING**

This announcement is made by BGMC International Limited (“**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the announcement (“**First Announcement**”) dated 29 March 2021 with respect to, among others, BGMC Holdings Berhad, a subsidiary of the Company, having obtained an order from the High Court of Malaya (“**Court**”) to, among others, restrain creditors from taking legal actions against BGMC Corporation Sdn Bhd (“**Subsidiary**” or “**Issuer**” or “**BGMCCSB**”) and for the Subsidiary to convene a Creditors Meeting for the purpose of considering and if thought fit approving with or without modification the Proposed Scheme. Unless stated otherwise, the capitalized terms used herein shall have the same meaning as those defined in the First Announcement.

The Board wishes to inform the Shareholders that the Subsidiary has, on the date of this announcement, despatched an Explanatory Statement containing particulars of the Proposed Scheme of Arrangement of the Subsidiary (“**Proposed Scheme**” or “**Proposed Scheme of Arrangement**”) to the creditors of the Subsidiary (“**Scheme Creditors**”) for the purposes of convening the creditors meeting on 16 June 2021 (“**Creditors Meeting**” or “**Court Convened Meeting**”). The salient terms of the Proposed Scheme are as follows:

- (1) Scheme Creditors of the Subsidiary would need to vote on agreeing a debt compromise by a ratio of (a) repayment of RM0.5 for debt principal amount of RM1 for certain Scheme Creditors (“**Category A Scheme Creditors**”) as full settlement, and (b) repayment of RM0.7 for debt principal amount of RM1 for certain Scheme Creditors (“**Category B Scheme Creditors**”) as full settlement, as a result of which a reduced amount of debt would be owed to the Scheme Creditors (“**Creditors’ Compromised Sum**”). In addition, the Creditors’ Compromised Sum would require the Scheme Creditors to waive all interest, penalty and/or default interest, late payment interest, costs and other charges of a similar nature in payments incidental thereto (including but not limited to all legal fees) accrued and to be accrued to the Scheme Creditors. For ease of reference, the aggregate amount of Creditors’ Compromised Sum pursuant to the Proposed Scheme as at the cut-off date of 28 February 2021 are as follows:

	Initial principal of debt	Creditors' Compromised Sum
The Company	RM124,987,469	RM62,493,734 (Note 3)
Category A Scheme Creditors (excluding the Company)	RM74,154,155	RM37,077,078 (Note1)
Category B Scheme Creditors	RM64,521,469	RM45,165,028 (Note 2)

*Note 1: repayment rate of 50% of principal amount*

*Note 2: repayment rate of 70% of principal amount*

*Note 3: The Company is categorized as Category A Scheme Creditors and will vote on the Proposed Scheme. However, the debt owed by the Subsidiary to the Company would be subordinated and will not be repaid until full settlement of the Creditors' Compromised Sum owed to the other Scheme Creditors.*

- (2) 20% of the Creditors' Compromised Sum shall be settled in cash within 3 months after the date on which the Proposed Scheme has become effective ("**Effective Date**").
- (3) 80% of the Creditors' Compromised Sum shall be settled by converting the same into Redeemable Secured Loan Stock ("**RSLs**") to be issued within 3 months of the Effective Date subject to requisite approvals of the relevant authorities being obtained. The RSLs shall be redeemed by the Subsidiary within 3 years. The salient terms of the RSLs are set out in the appendix enclosed to this announcement. For avoidance of doubt, the RSLs is not convertible into shares of the Subsidiary or any member of the Group. The total size of issue of RSLs will be subject to the Subsidiary's rights to call for further verification upon sanction of the Proposed Scheme by the Court and prior to settlement.
- (4) The Subsidiary's repayment in favour of the Scheme Creditors is expected to be sourced by:

Group's cash injection into the Subsidiary	RM40,000,000
Properties owned by the Subsidiary	RM25,000,000 (Note 4)
Properties owned by Subsidiary's debtor which will be transferred to the Subsidiary as debt settlement	RM36,098,440 (Note 4)
Estimated collection through various future projects secured within 24 months	RM6,204,961
<b>Total:</b>	<b>RM107,303,401</b>

*Note 4: The Subsidiary's obligation to redeem the RSLs will be secured by the pledge of certain properties owned by the Subsidiary which are appraised at RM25,000,000 based on the valuation report, while the properties owned by the Subsidiary's debtor are valued at RM36,098,440.*

It is expected that the above properties owned by the Subsidiary and the properties owned by Subsidiary's debtor which will be transferred to the Subsidiary as debt settlement (collectively "**Properties**") will be sold within 3 years after the Effective Date. However, the timing, pricing and buyer(s) are still uncertain at this point of time.

- (5) The Proposed Scheme will be binding on all the Scheme Creditors, including but not limited to those Scheme Creditors who were not present and/or did not vote at the Court Convened Meeting and those Scheme Creditors who voted against the Proposed Scheme, if:
- (i) a majority representing 75% in value of the Scheme Creditors present and voting either remotely or by proxy at the Court Convened Meeting (or any adjourned Court Convened Meeting) approve the Proposed Scheme, with or without modification;
  - (ii) the Court sanctions the Proposed Scheme; and
  - (iii) an office copy of the order of the Court approving the Proposed Scheme is lodged with the Registrar of Companies (the date of lodgment of which shall constitute the effective date of the Proposed Scheme, or such earlier date as the Court may determine and as may be specified in an order of the Court).
- (6) Upon the Proposed Scheme being approved, the settlement of the Creditors' Compromised Sum will be regarded as full settlement of all the liabilities owed by the Subsidiary to the Scheme Creditors, and the Scheme Creditors would not be entitled to further claim against the Subsidiary except for the Creditors' Compromised Sum.
- (7) For avoidance of doubt, the Proposed Scheme should not be deemed in any way to be an admission or acknowledgement of liability on the part of the Subsidiary in relation to any existing, pending or future legal action or other proceedings against the Subsidiary.

### **Board's view of the Proposed Scheme**

The Board is of the view that the Proposed Scheme, if implemented, will be in the interest of the Company and the shareholders as a whole because (1) the Creditors' Compromised Sum represents a significant discount to the alleged original debt owed by the Subsidiary to the Scheme Creditors, and (2) the Proposed Scheme will enable the Subsidiary to continue as a going concern and allow the Subsidiary to recover in its business operations. The Company which is a Scheme Creditor of the Subsidiary, will vote in favour of the Proposed Scheme.

### **Listing Rules Implications**

The Board is of the view that, at this stage, the Proposed Scheme only involves debt restructuring but does not involve any change in the share capital of the Subsidiary or any other member of the Group, and hence will not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

However, the implementation of the Proposed Scheme will involve pledge and/or sale of (i) Properties owned by the Subsidiary which are currently appraised at RM25,000,000, and (ii) Properties owned by the Subsidiary's debtor which will be transferred to the Subsidiary as debt settlement which are valued at RM36,098,440. The Properties comprise multiple parcels and therefore may be sold in multiple parcels to multiple buyers or be sold in whole to one buyer while the price and other terms will only be determined upon disposal in future, accordingly, such disposal of the Properties might or might not constitute a notifiable transaction under Chapter 14 of the Listing Rules. The Company will make announcement and/or convene shareholders meeting to approve the same as and when appropriate when the pricing and other terms of the sale of the Properties are determined.

## **CONTINUED SUSPENSION OF TRADING**

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

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

For and on behalf of  
**BGMC International Limited**  
**Datuk Kamalul Arifin Bin Othman**  
*Chairman and Independent Non-Executive Director*

Malaysia, 25 May 2021

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

## Appendix

### The salient terms of the RSLs are as follows:

Issuer	BGMC Corporation Sdn Bhd [Registration No. 199601008689 (381037-A)] (Incorporated in Malaysia under the Companies Act, 1965)
Instrument	Redeemable Secured Loan Stock (“RSLs”)
Purpose	Settlement to Scheme Creditors pursuant to the Proposed Scheme of Arrangement
Size of Issue / Total Subscription Price	RM115,946,434.00
Issue Price	RM1.00 per RSLs
Tenure of RSLs	The RSLs together with all coupon payable shall be redeemed in full without any set-off or withholding or deduction within 36 months from date of issue.
Status	The RSLs are not tradable and will not be transferable.
Preferential Coupon	Coupon of interest per annum from date of issue payable annually in arrears as follow: i) First 12 months – 1% per annum ii) Between 13 months – 24 months – 1.5% per annum iii) Between 25 months – 36 months – 2.0% per annum
Security	1. 43 parcels of Retail Lots known as V Residensi 2@Shah Alam. The market value of the Properties are appraised at RM25,000,000 and currently hold by the subsidiary of the Issuer. 2. Contra Properties comprising service apartment units, small office flexible office units, shop lots and land received from BGMCCSB’s debtor. The total market value of these Contra Properties amounts to RM36,098,440.
Conditions Precedent to Issue of RSLs	1. Upon successful sanction of the proposed scheme by the court. 2. Such other conditions precedent required by the subscriber(s) and/or its legal counsel.
Ranking of RSLs	The RSLs constitute direct, unconditional and secured obligations of the Issuer and rank in priority to all the Issuer’s present and future unsecured and unsubordinated obligations from time to time (except liabilities which are preferred solely by the laws of Malaysia) and all classes of shares of the Issuer. The RSLs will confer the right on a winding-up to receive in priority to all unsecured debt and the holders of any class of shares of the Issuer in the following order: a. Repayment in full of the Total Subscription Price. b. Payment of arrears of coupon, whether earned or declared or not up until the date of commencement of the winding up.

Form and denomination of RSLs	The RSLs will be constituted by the constitution of the Issuer and will be issued in registered form in a minimum denomination of RM1.00 or integral multiples thereof.
Governing law	The RSLs shall be governed by and construed in accordance with the laws of Malaysia.