# JBB BUILDERS INTERNATIONAL LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1903)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

### RESULTS HIGHLIGHTS

| | **Year ended 30 June** | | |
|---|---|---|---|
| | **2023** | 2022 | (Decrease) |
| | ***RM'000*** | *RM'000* | *RM'000* |
| Revenue | **217,776** | 512,303 | (294,527) |
| Gross profit | **12,285** | 29,159 | (16,874) |
| Gross profit margin | **5.6%** | 5.7% | (0.1%) |
| (Allowance)/reversal for impairment loss on trade receivables and contract assets | **(5,785)** | 627 | (6,412) |
| (Loss)/profit for the year attributable to owners of the Company | **(8,226)** | 12,527 | (20,753) |
| Total equity attributable to equity owners of the Company | **125,526** | 129,971 | (4,445) |
| Basic and diluted (loss)/earnings per Share *(Sen)* | **(1.65)** | 2.51 | (4.16) |

## ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of JBB Builders International Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2023 together with the comparative figures for the year ended 30 June 2022. All amounts set out in this announcement are expressed in Ringgit Malaysia ("**RM**") unless otherwise indicated.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 JUNE 2023*

| | *Notes* | **2023** *RM'000* | 2022 *RM'000* |
|---|---|---|---|
| Revenue | *4* | **217,776** | 512,303 |
| Direct costs | | **(205,491)** | (483,144) |
| **Gross profit** | | **12,285** | 29,159 |
| Other revenue | *5* | **3,265** | 1,217 |
| Other net (loss)/income | *5* | **(275)** | 364 |
| (Allowance)/reversal for impairment loss on trade receivables and contract assets | *6(c)* | **(5,785)** | 627 |
| General and administrative expenses | | **(14,883)** | (12,879) |
| **(Loss)/profit from operations** | | **(5,393)** | 18,488 |
| Share of loss of a joint venture | | **(93)** | (53) |
| Finance costs | *6(a)* | **(1,436)** | (1,677) |
| **(Loss)/profit before taxation** | *6* | **(6,922)** | 16,758 |
| Income tax expenses | *8* | **(1,291)** | (3,263) |
| **(Loss)/profit for the year** | | **(8,213)** | 13,495 |
| **Other comprehensive income for the year** | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Currency translation differences | | **3,781** | 3,397 |
| **Total comprehensive (expenses)/income for the year** | | **(4,432)** | 16,892 |
| **(Loss)/profit for the year attributable to:** | | | |
| Owners of the Company | | **(8,226)** | 12,527 |
| Non-controlling interests | | **13** | 968 |
| | | **(8,213)** | 13,495 |
| **Total comprehensive (expenses)/income attributable to:** | | | |
| Owners of the Company | | **(4,445)** | 15,924 |
| Non-controlling interests | | **13** | 968 |
| | | **(4,432)** | 16,892 |
| **(Loss)/earnings per share** ***(Sen per share)*** | *9* | | |
| **– Basic** | | **(1.65)** | 2.51 |
| **– Diluted** | | **(1.65)** | 2.51 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 30 JUNE 2023*

| | Notes | 2023 RM'000 | 2022 RM'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **889** | 942 |
| Investment properties | | **2,200** | 2,200 |
| Interest in a joint venture | | **264** | 357 |
| Deposits paid for acquisition of investment properties | *10(a)* | **56,423** | 16,829 |
| Deposits paid for acquisition of property, plant and equipment | | **92** | 189 |
| Deposits placed for life insurance policies | *10(b)* | **1,022** | 1,005 |
| Deferred tax assets | | **38** | 373 |
| | | **60,928** | 21,895 |
| **Current assets** | | | |
| Trade and other receivables | *11* | **50,742** | 139,959 |
| Contract assets | *12(a)* | **12,907** | 26,765 |
| Tax recoverable | | **1,592** | 2,396 |
| Fixed deposits with maturity over three months | | **5,424** | 5,299 |
| Pledged bank deposits | | **9,769** | 12,561 |
| Cash and cash equivalents | | **77,505** | 85,919 |
| | | **157,939** | 272,899 |
| **Current liabilities** | | | |
| Trade and other payables | *13* | **70,030** | 137,165 |
| Contract liabilities | *12(b)* | **–** | 1,872 |
| Bank loans | *14* | **3,769** | 3,333 |
| Lease liabilities | | **262** | 281 |
| Provision for taxation | | **928** | 2,324 |
| | | **74,989** | 144,975 |
| **Net currents assets** | | **82,950** | 127,924 |
| **Total assets less current liabilities** | | **143,878** | 149,819 |
| **Non-current liabilities** | | | |
| Bank loans | *14* | **10,412** | 10,316 |
| Lease liabilities | | **138** | 243 |
| Deferred tax liabilities | | **–*** | –* |
| | | **10,550** | 10,559 |
| **Net assets** | | **133,328** | 139,260 |
| **Capital and reserves** | | | |
| Share capital | *15* | **2,672** | 2,672 |
| Reserves | | **122,854** | 127,299 |
| **Total equity attributable to equity owners of the Company** | | **125,526** | 129,971 |
| Non-controlling interests | | **7,802** | 9,289 |
| | | **133,328** | 139,260 |

* *The amount represents an amount less than RM1,000.*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 30 JUNE 2023*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities on 30 April 2018 under the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered address is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1222, 12/F, Soundwill Plaza II – Midtown, 1–29 Tang Lung Street, Causeway Bay, Hong Kong.

The ordinary shares of the Company (the "**Share**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing**").

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of marine construction services, building and infrastructure services, and trading business of marine gas oil. As at 30 June 2023, the Directors consider that the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a confirmation deed on 16 May 2018.

## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollars ("**HK$**") and the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), rounded to the nearest thousand, unless otherwise stated, as the Group's principal activities were carried out in Malaysia and Singapore in which the management uses RM to control and monitor the performance and financial position of the Group.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest, are stated at their fair value.

The deposits placed for life insurance policies are carried at the cash surrender value of the policies.

Other than changes in accounting policies resulting from the application of new and amendments to IFRSs, the accounting policies and methods computation used in the consolidated financial statements for the year ended 30 June 2023 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2022.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

## 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs issued by the IASB for the first time in the current year:

| | |
|---|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IFRSs | Annual Improvements to IFRSs 2018–2020 |
| Amendments to IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of marine construction services, building and infrastructure services, and trading business of marine gas oil.

### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| ***Revenue from contracts with customers within the scope of IFRS 15*** | | |
| Construction contracts | | |
| – Reclamation and related works | **10,012** | 49,520 |
| – Building and infrastructure | **16,698** | 7,502 |
| | **26,710** | 57,022 |
| Marine transportation | **173,611** | 411,870 |
| | **200,321** | 468,892 |
| ***Revenue from other source*** | | |
| Marine gas oil | **17,455** | 43,411 |
| | **217,776** | 512,303 |

Revenue from construction contracts is recognised over time, while revenue from marine transportation and marine gas oil are recognised at a point in time.

As at 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM772,219,000 (2022: RM507,899,000). This amount represents revenue expected to be recognised in future from construction contracts and marine transportation contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 30 June 2024 to 30 June 2027.

### (b) Segment reporting

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of allocating resources to segments and assessing their performance.

For management purpose, the Group is organised into business units based on their products and services and has four reportable segments as follows:

***Marine construction services***

- Reclamation and related works, which includes land reclamation and other marine civil works and may involve soil and site investigation, land and hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge and removal work.

- Marine transportation, which involves transportation of marine sand including the extraction of marine sand from the approved sand source onto sand carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

***Building and infrastructure services***

- General building work in construction of properties and infrastructure works.

***Trading business of marine gas oil***

- The trading of marine gas oil.

Segment (loss)/profit represents the (loss)/profit earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue and other net (loss)/income, finance costs and share of loss of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by reportable segments:

***For the year ended 30 June 2023***

| | Marine construction | | | | | |
|---|---|---|---|---|---|---|
| | **Reclamation and related works** *RM'000* | **Marine transportation** *RM'000* | **Building and infrastructure** *RM'000* | **Marine gas oil** *RM'000* | **Elimination of inter-segment revenue** *RM'000* | **Total** *RM'000* |
| **Revenue** | | | | | | |
| Revenue from external customers | **10,012** | **173,611** | **16,698** | **17,455** | **–** | **217,776** |
| Inter-segment revenue | **1,018** | **–** | **–** | **–** | **(1,018)** | **–** |
| Reportable segment revenue | **11,030** | **173,611** | **16,698** | **17,455** | **(1,018)** | **217,776** |
| **Reportable segment (loss)/profit** | **(6,865)** | **4,257** | **6,578** | **1,023** | **–** | **4,993** |
| Unallocated central administrative and corporate expenses | | | | | | **(12,428)** |
| Unallocated other revenue and other net loss | | | | | | **2,042** |
| Finance costs | | | | | | **(1,436)** |
| Share of loss of a joint venture | | | | | | **(93)** |
| Loss before taxation | | | | | | **(6,922)** |
| **Other segment information** | | | | | | |
| Depreciation | **228** | **3** | **–** | **–** | **–** | **231** |
| Allowance/(reversal) for impairment loss on trade receivables and contract assets | **7,912** | **888** | **(2,940)** | **(75)** | **–** | **5,785** |
| Impairment loss on deposits paid for acquisition of investment properties | **–** | **–** | **33** | **–** | **–** | **33** |

*For the year ended 30 June 2022*

| | Marine construction | | | | | |
|---|---|---|---|---|---|---|
| | Reclamation and related works *RM'000* | Marine transportation *RM'000* | Building and infrastructure *RM'000* | Marine gas oil *RM'000* | Elimination of inter-segment revenue *RM'000* | Total *RM'000* |
| **Revenue** | | | | | | |
| Revenue from external customers | 49,520 | 411,870 | 7,502 | 43,411 | – | 512,303 |
| Inter-segment revenue | 8,249 | – | – | – | (8,249) | – |
| Reportable segment revenue | 57,769 | 411,870 | 7,502 | 43,411 | (8,249) | 512,303 |
| **Reportable segment profit** | 10,393 | 15,337 | 1,491 | 2,180 | – | 29,401 |
| Unallocated central administrative and corporate expenses | | | | | | (10,823) |
| Unallocated other revenue and other net income | | | | | | (90) |
| Finance costs | | | | | | (1,677) |
| Share of loss of a joint venture | | | | | | (53) |
| Profit before taxation | | | | | | 16,758 |
| **Other segment information** | | | | | | |
| Depreciation | 239 | 2 | – | – | – | 241 |
| (Reversal)/allowance for impairment loss on trade receivables and contract assets | 105 | 170 | (977) | 75 | – | (627) |
| (Gain) on disposal of deposits paid for acquisition of investment properties | (1,265) | – | (293) | – | – | (1,558) |
| Impairment loss on deposits paid for acquisition of investment properties | 48 | – | – | – | – | 48 |

**Geographical information**

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

| | **2023** *RM'000* | 2022 *RM'000* |
|---|---|---|
| Malaysia (place of domicile) | **33,288** | 94,871 |
| Singapore | **184,488** | 417,432 |
| | **217,776** | 512,303 |

## 5. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| **Other revenue** | | |
| Interest income on financial assets measured at amortised cost | **2,056** | 841 |
| Imputed interest income on contract assets | **977** | – |
| Handling service fee on provision of diesel | **4** | 14 |
| Others | **228** | 362 |
| | **3,265** | 1,217 |
| **Other net (loss)/income** | | |
| Net foreign exchange loss | **(263)** | (1,183) |
| Impairment loss on deposits paid for acquisition of investment properties | **(33)** | (48) |
| Gain on deposits placed for life insurance policies | **17** | 27 |
| Gain on disposal of property, plant and equipment | **4** | 11 |
| Gain on disposal of deposits paid for acquisition of investment properties | **–** | 1,558 |
| Loss on disposal of financial assets at fair value through profit or loss ("**FVTPL**") | **–** | (1) |
| | **(275)** | 364 |

## 6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

### (a) Finance costs

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Interest on bank loans | **1,083** | 553 |
| Imputed interest on contract assets | **332** | 1,090 |
| Interest on lease liabilities | **21** | 34 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | **1,436** | 1,677 |

**(b) Staff costs (including Directors' emoluments)**

| | 2023 | 2022 |
|---|---|---|
| | *RM'000* | *RM'000* |
| Salaries, wages and other benefits | **8,417** | 7,665 |
| Contributions to defined contribution retirement plan | **754** | 669 |
| | **9,171** | 8,334 |
| Less: Amount included in direct costs | **(915)** | (1,005) |
| | **8,256** | 7,329 |

**(c) Other items**

| | 2023 | 2022 |
|---|---|---|
| | *RM'000* | *RM'000* |
| Depreciation charge | | |
| – owned property, plant and equipment | **387** | 309 |
| – right-of-use assets | **109** | 257 |
| | **496** | 566 |
| Less: Amount included in direct costs | **(2)** | (1) |
| | **494** | 565 |
| Short-term lease expenses | **395** | 670 |
| Less: Amount included in direct costs | **(189)** | (482) |
| | **206** | 188 |
| Allowance/(reversal) for impairment loss on trade receivables and contract assets | **5,785** | (627) |
| Auditors' remuneration | **392** | 372 |
| (Gain) on disposal of deposits paid for acquisition of investment properties | **–** | (1,558) |
| (Gain) on deposits placed for life insurance policies | **(17)** | (27) |
| (Gain) on disposal of property, plant and equipment | **(4)** | (11) |
| Net foreign exchange loss | **263** | 1,183 |
| Impairment loss on deposits paid for acquisition of investment properties | **33** | 48 |
| Loss on disposal of financial assets at FVTPL | **–** | 1 |

## 7. DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 30 June 2023 (2022: nil).

## 8. INCOME TAX EXPENSES

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| **Current tax** | | |
| Malaysia corporate income tax | **14** | 1,067 |
| Singapore corporate income tax | **882** | 2,272 |
| Withholding tax on payment made to a non-resident in Malaysia | **115** | 129 |
| | **1,011** | 3,468 |
| **(Over)/under provision in prior years** | **(57)** | 65 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **337** | (270) |
| Income tax expenses for the year | **1,291** | 3,263 |

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2023 and 2022.

(iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2023 and 2022.

(iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the years ended 30 June 2023 and 2022. 75% of the chargeable income of first Singapore dollars ("**SGD**") 10,000 and 50% of the chargeable income of next SGD190,000 are exempted under Inland Revenue Authority of Singapore's partial tax exemption scheme.

(v) Withholding tax on payment made to a non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made for the years ended 30 June 2023 and 2022.

## 9. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of approximately RM8,226,000 (2022: profit attributable to owners of the Company of approximately RM12,527,000) and the weighted average of 500,000,000 ordinary shares (2022: 500,000,000 ordinary shares) in issue during the year ended 30 June 2023.

### (b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2023 and 2022.

## 10. DEPOSITS

### (a) Deposits paid for acquisition of investment properties

(i) During the year ended 30 June 2023, upon the completion of major transaction pursuant to the master supplemental agreement entered into with a customer ("**Customer A**") and a related party of Customer A ("**Party B**"), both independent third parties to the Group, in relation to the settlement transactions (reference is made to the announcements of the Company dated 22 June 2022, 15 July 2022, 30 August 2022, 5 October 2022, 12 October 2022 and 13 April 2023, and the circular of the Company dated 19 July 2022 ("**Publications in relation to Major Transaction**")), trade receivables of approximately RM41,620,000 are deemed to be settled by the assignment of 19 properties to the Group and 1 property to a Group's nominee ("**Subcontractor A**") with the properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia of approximately RM41,620,000 in aggregate owned by Party B.

In relation to the assignment of 1 property to Subcontractor A as abovementioned, the Group entered into a deed of settlement with Subcontractor A, pursuant to which trade payables due to Subcontractor A by the Group with a total amount of approximately RM1,993,000 are deemed to be settled by the assignment of such property of approximately RM1,993,000 from Party B to Subcontractor A.

The legal titles of the properties had not been transferred to the Group as at 30 June 2023. Accordingly, trade receivables of approximately RM41,620,000 and trade payables of approximately RM1,993,000 were derecognised, and deposits paid for acquisition of investment properties of approximately RM39,627,000 were recognised as non-current assets until the title of the properties are transferred.

(ii) During the year ended 30 June 2022, the Group entered into deeds of settlement with 3 subcontractors, all independent third parties to the Group, pursuant to which trade payables due to these subcontractors by the Group with total amount of approximately RM4,974,000 are deemed to be settled by the assignment of 2 properties located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia and 2 properties located in the area of Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia of approximately RM5,063,000 in aggregate beneficially owned by the Group to the subcontractors or their nominees with the differences of approximately RM89,000 settled by the nominee of one of the subcontractors in cash and cash equivalents. A gain on disposal (including the impact of the related tax) of approximately RM1,558,000 was recognised and the carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM3,425,000 was derecognised during the year ended 30 June 2022.

(iii) During the year ended 30 June 2022, the Group entered into a deed of settlement with a customer ("**Customer B**"), and a developer (the "**Developer**"), a related party of Customer B and an independent third party to the Group, pursuant to which contract assets owing from Customer B to the Group with total amount of approximately RM2,059,000 are deemed to be settled by the assignment of 8 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia of approximately RM2,059,000 in aggregate owned by the Developer to the Group. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2022. Accordingly, contract assets of approximately RM2,059,000 were derecognised and deposits paid for acquisition of investment properties were recognised as non-current assets until the title of the properties are transferred.

During the years ended 30 June 2023 and 2022, the recoverable amount of deposits paid for acquisition of investment properties are less than its carrying amount. Accordingly, impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000 (2022: RM48,000) were recognised. The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 30 June 2023 and 2022 were carried out by independent firms, who have among their valuers registered with The Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia, with recent experience in the location and category of properties being valued. The recoverable amount of deposits paid for acquisition of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted to reflect the locations and conditions of the subject properties, using market data which is publicly available.

As at 30 June 2023, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 55 (2022: 36) investment properties in Malaysia. As the legal titles in respect of those investment properties had not been vested in the Group as of the end of each reporting period, the payments made were accounted as deposits paid.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | ***No.*** | ***RM'000*** | *No.* | *RM'000* |
| At 1 July | **36** | **16,829** | 32 | 18,243 |
| Additions | **19** | **39,627** | 8 | 2,059 |
| Disposals | **–** | **–** | (4) | (3,425) |
| Impairment loss | **N/A** | **(33)** | N/A | (48) |
| At 30 June | **55** | **56,423** | 36 | 16,829 |

| **Name of valuer** | **Location of properties** | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.) | In the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia | **14,818** | 14,818 |
| KGV International Property Consultant (Johor) Sdn. Bhd. | In the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia | **2,011** | 2,011 |
| Knight Frank Malaysia Sdn. Bhd. | In the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia | **39,594** | N/A |
| | | **56,423** | 16,829 |

As at 30 June 2023, deposits paid for acquisition of investment properties of approximately RM12,911,000 (2022: RM12,911,000) have been pledged to a bank as security for a bank facility granted to the Group.

**(b) Deposits placed for life insurance policies**

| | *RM'000* |
|---|---|
| At 1 July 2021 | 978 |
| Gain on deposits placed for life insurance policies | 27 |
| At 30 June 2022 | 1,005 |
| Gain on deposits placed for life insurance policies | 17 |
| At 30 June 2023 | 1,022 |

During the year ended 30 June 2021, a life insurance policy (the "**Policy 2021**") was taken to insure an executive director of the Company (the "**Insured Person**"). Under the Policy 2021, the beneficiary is a bank (the "**Bank**") and the total insured sum is approximately RM3,200,000. At the inception of the Policy 2021, the Group paid an upfront payment of approximately RM804,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loans of the Group from the Bank, and thereafter any excess portion will be payable to the Group. The Bank will pay the Group a variable return per annum afterwards (with no minimum return guaranteed) during the effective period of the Policy 2021. The Policy 2021 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from date of inception and a cash refund will be received based on the cash surrender value of the Policy 2021, which is determined by the gross premium paid plus accumulated return earned and minus any charges made in accordance with the terms and conditions of the Policy 2021, at the date of withdrawal. The Policy 2021 exposes the Group to significant insurance risk.

During the year ended 30 June 2020, a life insurance policy (the "**Policy 2020**") was taken to insure the Insured Person. Under the Policy 2020, the beneficiary is the Bank and the total insured sum is approximately RM1,610,000. At the inception of the Policy 2020, the Group paid an upfront payment of approximately RM401,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loans of the Group from the Bank and thereafter any excess amount will be payable to the Group. The Policy 2020 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from the date of inception and a cash refund will be received based on the cash surrender value of the Policy 2020 at the date of withdrawal.

As at 30 June 2023 and 2022, the directors of the Company expect that the Policy 2021 and Policy 2020 will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy 2021 and Policy 2020. The directors of the Company consider that the expected life of the Policy 2021 and Policy 2020 will remain unchanged from initial recognition.

In the event of death of the Insured Person, the deposits will be derecognised and any resulting gains or losses will be recognised in profit or loss.

## 11. TRADE AND OTHER RECEIVABLES

| | | **2023** | 2022 |
|---|---|---|---|
| | *Note* | ***RM'000*** | *RM'000* |
| Trade receivables | *(i)* | **58,283** | 142,102 |
| Less: allowance for doubtful debts | | **(13,690)** | (7,763) |
| | *(ii)* | **44,593** | 134,339 |
| Deposits, prepayments and other receivables | *(iii), (iv)* | **6,149** | 5,620 |
| | | **50,742** | 139,959 |

*Notes:*

(i) As at 30 June 2023, trade receivables of approximately RM3,622,000 (2022: nil) and contract assets of approximately RM7,466,000 (2022: nil) as disclosed in note 12(a) owing from a customer are secured by the original issue documents of strata/individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.

(ii) All of the trade receivables are expected to be recovered within one year.

(iii) The amount of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

(iv) As at 30 June 2023, the amount of deposits, prepayments and other receivables included amount due from a related company of approximately RM60,000 (2022: nil), in which a key management personnel of the Group has controlling interest. The amount was unsecured, non-trade nature and repayable on demand.

**Aging analysis of trade receivables**

As at the end of the reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Within 30 days | **14,556** | 51,698 |
| 31 to 60 days | **17,277** | 17,422 |
| 61 to 90 days | **9,970** | 22,657 |
| Over 90 days | **2,790** | 42,562 |
| | **44,593** | 134,339 |

Trade receivables are generally due within 14 to 90 days from the date of invoice.

## 12. CONSTRUCTION CONTRACTS

### (a) Contract assets

The Group's contract assets are analysed as follows:

| | Note | **2023** **RM'000** | 2022 *RM'000* |
|---|---|---|---|
| **Contract assets** | | | |
| Arising from performance under construction contracts | | **4,828** | 10,460 |
| Retention receivables | *(i)* | **8,079** | 16,305 |
| | | **12,907** | 26,765 |
| Gross carrying amount | *(ii)* | **13,474** | 28,105 |
| Less: loss allowance | | **(122)** | (250) |
| Less: imputed interest | | **(445)** | (1,090) |
| | | **12,907** | 26,765 |
| **Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables"** *(Note 11)* | | **44,593** | 134,339 |

*Notes:*

(i) As at 30 June 2023, the amounts of approximately RM991,000 (2022: RM8,925,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention receivables.

(ii) Trade receivables of approximately RM3,622,000 (2022: nil) as disclosed in note 11 and contract assets of approximately RM7,466,000 (2022: nil) owing from a customer are secured by the original issue documents of strata/individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.

### (b) Contract liabilities

| | **2023** **RM'000** | 2022 *RM'000* |
|---|---|---|
| **Contract liabilities** | | |
| Construction contracts | | |
| – Billings in advance of performance | – | 1,872 |

## 13. TRADE AND OTHER PAYABLES

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | ***RM'000*** | *RM'000* |
| Trade payables | | **62,800** | 123,095 |
| Other payables and accruals | *(i)* | **1,359** | 1,123 |
| Retention payables | *(ii)* | **5,871** | 12,947 |
| | | **70,030** | 137,165 |

*Notes:*

(i) The amount of other payables and accruals included amount due to a joint venture of approximately RM6,000 (2022: RM11,000) which was unsecured, non-trade and repayable on demand as at 30 June 2023.

(ii) Except for the amounts of approximately RM913,000 (2022: RM2,321,000) included in the retention payables as at 30 June 2023 which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

**Aging analysis of trade payables**

As at the end of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Within 30 days | **19,667** | 56,152 |
| 31 to 90 days | **34,366** | 29,069 |
| Over 90 days | **8,767** | 37,874 |
| | **62,800** | 123,095 |

## 14. BANK LOANS

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Bank loans, secured | **14,181** | 13,649 |

The bank loans were repayable as follows:

| | 2023<br>*RM'000* | 2022<br>*RM'000* |
|---|---|---|
| Within 1 year or on demand | **3,769** | 3,333 |
| Within a period of more than 1 year but not exceeding 2 years | **4,058** | 3,722 |
| Within a period of more than 2 years but not exceeding 5 years | **6,354** | 6,594 |
| | **14,181** | 13,649 |
| Less: Amounts due within 1 year shown under current liabilities | **(3,769)** | (3,333) |
| Amounts shown under non-current liabilities | **10,412** | 10,316 |

As at 30 June 2023, the Group's banking facilities were secured and guaranteed by:

(i) investment properties of approximately RM2,200,000 (2022: RM2,200,000);

(ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (2022: RM12,911,000); and

(iii) deposits with licensed banks of the Group with carrying amounts of approximately RM9,769,000 (2022: RM12,561,000).

## 15. SHARE CAPITAL

**Authorised ordinary shares of HK$0.01 each:**

| | **No. of shares** | **Amount**<br>*RM'000* |
|---|---|---|
| At 1 July 2021, 30 June 2022 and 30 June 2023 | 2,000,000,000 | 10,535 |

**Issued and fully paid ordinary shares of HK$0.01 each:**

| | **No. of shares** | **Amount**<br>*RM'000* |
|---|---|---|
| At 1 July 2021, 30 June 2022 and 30 June 2023 | 500,000,000 | 2,672 |

## 16. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of each of the reporting period but not recognised as liabilities is as follows:

| | **2023** | 2022 |
|---|---|---|
| | ***RM'000*** | *RM'000* |
| Equipment | **96** | 193 |

## 17. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the year ended 30 June 2023, the Group disposed 3 properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia and 3 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia to 6 independent third parties to the Group, amounted to approximately RM7,426,000 in aggregate. The carrying amount of the deposits paid for the abovementioned property, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM7,314,000 as at 30 June 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an established engineering contractor which engaged in three major types of services:

– Marine construction services – core business, which can be categorised into:

  (a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and

  (b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

– Building and infrastructure services – the services include general building works in construction of properties and infrastructure works.

– Trading business of marine gas oil – the trading of marine gas oil.

During the year ended 30 June 2023, the Group had completed a total of 7 marine construction contracts, which comprised of 5 reclamation and related works contracts and 2 marine transportation contracts with original contract sum in aggregate of approximately RM52.2 million, and 1 building and infrastructure contract with original contract sum of approximately RM80.0 million. The Group and a customer mutually terminated a marine construction contract in respect of reclamation and related works and marine transportation with original contract sum of approximately RM323.9 million given that this contract has been awarded for years and the scope of work has to be changed with new pricing requirements. The Group is currently in negotiation with the customer on the new scope of work and pricing while at the same time performing preliminary marine risk assessment and preparation for the commencement work of such project which is envisaged to commence in 2024.

As at 30 June 2023, the Group had 4 ongoing marine construction contracts comprising 2 reclamation and related works contracts and 2 marine transportation contracts with original contract sum in aggregate of approximately RM947.4 million (including estimated original contract sum of contracts which stated at unit rate at time of award), and 4 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM201.6 million. Moreover, the Group also entered into trading business of marine gas oil with several customers in Malaysia and Singapore who are our existing subcontractors.

As at 30 June 2022, there were a total of 3 tenders with expected contract sum in aggregate of approximately RM283.4 million submitted (including a revised tender submitted subsequently). As at 30 June 2022, the results of the said tenders and quotations had not yet been released. During the year ended 30 June 2023, the Group had submitted 2 tenders and 9 quotations for marine construction contracts and 6 tenders and 1 quotation for building and infrastructure contracts with original contract sum in aggregate of approximately RM2,660.5 million, and the Group had been awarded 8 contracts with original contract sum in aggregate of approximately RM660.5 million. As at 30 June 2023, there were 5 tenders and 2 quotations with expected contract sum in aggregate of approximately RM2,483.6 million submitted but thus far no results has been returned.

## FINANCIAL REVIEW

### Revenue

Revenue decreased by approximately RM294.5 million or 57.5% from approximately RM512.3 million for the year ended 30 June 2022 to approximately RM217.8 million for the year ended 30 June 2023. The substantial decrease in revenue was primarily due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there were some preparation and rearrangements of construction sites by customer and so the delivery of marine sand was in slow pace during the transition period; (ii) decrease in demand of marine gas oil due to the decrease of marine transportation works; and (iii) completion of certain contracts which contributed to a substantial portion of revenue for the year ended 30 June 2022, while partially offsetting by (i) the increase in volume of work generated from new contracts awarded during the year ended 30 June 2023; and (ii) the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2022.

***Marine construction services***

Revenue from marine construction services represented approximately 84.3% of the total revenue for the year ended 30 June 2023. It decreased by approximately RM277.8 million or 60.2% from approximately RM461.4 million for the year ended 30 June 2022 to approximately RM183.6 million for the year ended 30 June 2023.

Revenue from reclamation and related works, which represented approximately 5.5% of the total revenue from marine construction services for the year ended 30 June 2023, decreased by approximately RM39.5 million or 79.8% from approximately RM49.5 million for the year ended 30 June 2022 to approximately RM10.0 million for the year ended 30 June 2023. Such decrease was mainly due to the decrease of volume of work performed upon the completion of a contract which contributed to a substantial portion of revenue for the year ended 30 June 2022 while partially offsetting by the increase in volume of work generated from new contracts awarded during the year ended 30 June 2023.

Revenue from marine transportation, which represented approximately 94.5% of the total revenue from marine construction services for the year ended 30 June 2023, decreased by approximately RM238.3 million or 57.9% from approximately RM411.9 million for the year ended 30 June 2022 to approximately RM173.6 million for the year ended 30 June 2023. Such decrease was mainly due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there were some preparation and rearrangements of construction sites by customer and so the delivery of marine sand was in slow pace during the transition period; and (ii) completion of a contract which contributed certain portion of revenue for the year ended 30 June 2022, while partially offsetting by the increase of volume of sand transported generated from (i) additional variation order received from customer for existing contract; and (ii) new contracts awarded in Malaysia and Singapore during the year ended 30 June 2023.

***Building and infrastructure services***

Revenue from building and infrastructure services represented approximately 7.7% of the total revenue for the year ended 30 June 2023. Revenue from building and infrastructure services increased by approximately RM9.2 million or 122.7% from approximately RM7.5 million for the year ended 30 June 2022 to approximately RM16.7 million for the year ended 30 June 2023. Such increase was mainly due to the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2022 and the net upward adjustment impact from final accounts.

***Trading business of marine gas oil***

Revenue from trading business of marine gas oil, which represented approximately 8.0% of the total revenue for the year ended 30 June 2023, decreased by approximately RM25.9 million or 59.7% from approximately RM43.4 million for the year ended 30 June 2022 to approximately RM17.5 million for the year ended 30 June 2023. Such decrease was attributed from the decrease in demand of marine gas oil due to the decrease of marine transportation works as abovementioned.

**Gross profit and gross profit margin**

Gross profit decreased by approximately RM16.9 million or 57.9% from approximately RM29.2 million for the year ended 30 June 2022 to approximately RM12.3 million for the year ended 30 June 2023. The overall gross profit margin slightly decreased from approximately 5.7% for the year ended 30 June 2022 to approximately 5.6% for the year ended 30 June 2023.

The decrement of gross profit was primarily caused by the decrease in revenue as abovementioned, while partially offsetting by the higher gross profit margin for building and infrastructure services than the corresponding period in 2022.

**Other revenue**

The other revenue increased from approximately RM1.2 million for the year ended 30 June 2022 to approximately RM3.3 million for the year ended 30 June 2023, which was mainly due to the increase in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2023 as a result of the increase in bank interest rates and the recognition of imputed interest income on contract assets of approximately RM1.0 million in relation to part of the balances owing from a customer to be settled by instalments in more than one year.

**Other net (loss)/income**

Other net loss was approximately RM0.3 million for the year ended 30 June 2023. It mainly included the recognition of the foreign exchange loss of approximately RM263,000 arising from the translation of foreign currency denominated balances into Ringgit Malaysia and impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000.

Other net income was approximately RM0.4 million for the year ended 30 June 2022. It mainly included (i) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM1.6 million arising from the assignment of 4 investment properties beneficially owned by the Group under deeds of settlement; and (ii) recognition of the foreign exchange loss of approximately RM1.2 million arising from the translation of foreign currency denominated balances into Ringgit Malaysia.

**(Allowance)/reversal for impairment loss on trade receivables and contract assets**

During the year ended 30 June 2023, upon the completion of major transaction pursuant to the master supplemental agreement entered into with one of the long outstanding customers and its related party in relation to the settlement transactions and the receipt of certain monthly instalments from such customer, the loss allowance recognised in respect of this customer has been decreased from approximately RM3.3 million as at 30 June 2022 to approximately RM0.4 million as at 30 June 2023. However, credit risk increased for certain customers based on the latest market information and payment history, additional impairment loss of approximately RM9.2 million was recognised in respect of such customers.

Taking into account of the impact from the abovementioned customers and expected loss rate applied based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecasted general economic conditions (including the consideration of the expected loss rate performed by an independent valuer), allowance for impairment loss on trade receivables and contract assets of approximately RM5.8 million was recognised for the year ended 30 June 2023 while reversal of impairment loss on trade receivables and contract assets of approximately RM0.6 million was recognised for the year ended 30 June 2022.

**General and administrative expenses**

General and administrative expenses increased by approximately RM2.0 million or 15.5% from approximately RM12.9 million for the year ended 30 June 2022 to approximately RM14.9 million for the year ended 30 June 2023. Such increase was mainly due to the increment of staff costs arising from the increase of staff bonus provided to employees, increment of legal and professional fees incurred and increment of donations incurred.

**Finance costs**

Finance costs decreased from approximately RM1.7 million for the year ended 30 June 2022 to approximately RM1.4 million for the year ended 30 June 2023. The decrement was mainly due to the decrease of imputed interest on contract assets from approximately RM1.1 million for the year ended 30 June 2022 in relation to part of the balances owing from a customer to be settled by instalments in more than one year to approximately RM0.3 million for the year ended 30 June 2023 arising from the change of instalment plan and imputed interest rate, while partially offsetting by the increase of interest on bank loans from approximately RM0.6 million for the year ended 30 June 2022 to approximately RM1.1 million for the year ended 30 June 2023 arising from the increase of interest rate and the impact from additional term loans withdrawn during the year ended 30 June 2023.

**Income tax expenses**

Income tax expenses of approximately RM1.3 million was recorded for the year ended 30 June 2023 as compared with approximately RM3.3 million for the year ended 30 June 2022. The decrease was mainly due to the decrement of taxable profit of a Malaysia subsidiary and a Singapore subsidiary for the year ended 30 June 2023 as compared with the year ended 30 June 2022, while partially offsetting by the recognition of deferred tax expenses on exchange differences arising from the settlement of intercompanies balances.

**(Loss)/profit for the year attributable to owners of the Company**

Due to the abovementioned items, the Group reported loss attributable to owners of the Company of approximately RM8.2 million for the year ended 30 June 2023 while profit attributable to owners of the Company of approximately RM12.5 million for the year ended 30 June 2022.

**Final dividends**

The Board does not recommend to declare any final dividend for the year ended 30 June 2023 (2022: nil).

## CORPORATE FINANCE AND RISK MANAGEMENT

### Liquidity and Financial Resources/Capital Structure

The Group finances its working capital requirements through a combination of cash generated from operations, shareholder's equity and banking facilities.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 30 June 2023, the Group had cash and cash equivalents of approximately RM77.5 million (2022: RM85.9 million), fixed deposits with maturity over three months of approximately RM5.4 million (2022: RM5.3 million) and pledged bank deposits of approximately RM9.8 million (2022: RM12.6 million). The decrement was mainly due to the net operating and financing activities cash outflows netting off the net investing activities cash inflows and positive effect of foreign exchange rate changes during the year ended 30 June 2023. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Ringgit Malaysia.

As at 30 June 2023, the Group had lease liabilities of approximately RM0.4 million (2022: RM0.5 million) carrying interest rate ranging from 4.6% to 8.2% (2022: ranging from 3.1% to 8.2%). All are denominated in Hong Kong dollars and Ringgit Malaysia. As at 30 June 2023, the Group had bank loans of approximately RM14.2 million (2022: RM13.6 million) carrying interest rate at 7.2% (2022: 6.2%). All are denominated in Ringgit Malaysia. The Group had unutilised banking facilities of approximately RM47.0 million (2022: RM50.7 million).

The Group continued to maintain a healthy liquidity position. The current ratio increased from approximately 1.9 times as at 30 June 2022 to approximately 2.1 times as at 30 June 2023 which mainly due to the improvement in receipt of outstanding trade receivables as of 30 June 2022. The gearing ratio increased from approximately 10.2% as at 30 June 2022 to approximately 10.9% as at 30 June 2023 which is calculated based on the total loans and borrowings (which represent bank loans and lease liabilities) divided by total equity at the end of the year. The increase of gearing ratio was mainly due to the increase of total bank loans and lease liabilities from approximately RM14.2 million as at 30 June 2022 to approximately RM14.6 million as at 30 June 2023.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the years ended 30 June 2023 and 2022.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

There had been no material change in the capital structure of the Group during the year ended 30 June 2023.

**Capital commitments**

As at 30 June 2023, the Group had capital commitments of approximately RM0.1 million (2022: RM0.2 million).

**Pledge of assets**

As at 30 June 2023, pledged bank deposits of approximately RM9.8 million (2022: RM12.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.4 million (2022: RM7.3 million) related to performance bonds. Pledged bank deposits related to performance bonds include (i) minimum amount of deposits pledged to banks for facility lines for performance bonds; (ii) sinking fund (calculated at 6%-7.15% of the progress payment from the particular contract related to the corresponding performance bonds); and (iii) interest income of deposits pledged to banks.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (2022: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (2022: RM2.2 million) as at 30 June 2023 was pledged to a bank as security for bank facilities granted to the Group.

**Contingent liabilities**

As at 30 June 2023, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM2.4 million (2022: RM2.4 million).

The performance bonds were given by banks in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by (i) deposits with licensed banks of approximately RM7.4 million; and (ii) corporate guarantees given by the Company as at 30 June 2023.

**Risk management**

***Credit risk***

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

***Trade receivables and contract assets***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 30 June 2023, approximately 50% (2022: 36%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 87% (2022: 91%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group segments its trade receivables and contract assets based on geographic regions, due to different loss patterns experienced in the different regions.

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

*Other receivables and deposits*

The Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The Group believes that there is no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12 months expected credit losses. As at 30 June 2023 and 2022, the Group assessed the expected credit losses for other receivables and deposits were insignificant and thus no loss allowance was recognised.

*Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits*

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

*Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities to interest rate risk is not significant.

The Group's interest rate risk arises primarily from cash at banks and bank loans. Cash at banks and bank loans at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Malaysia base lending rate from the Group's bank loans denominated in Ringgit Malaysia.

*Foreign currency exchange risk*

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

For the risks and uncertainties faced by the Group, please refer to the section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" in the 2022 annual report.

## SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement and Publications in relation to Major Transaction, the Group did not hold any significant investments during the year ended 30 June 2023.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**"), circular dated 19 July 2022 and this announcement, the Group did not have other plans for material investments and capital assets as at 30 June 2023.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2023.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the consolidated financial statements of this announcement, there were no other important events affecting the Group that have occurred since 30 June 2023 and up to the date of this announcement.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, excluding the Directors, the total number of full-time employees of the Group was approximately 55 (2022: 57).

The Group determines the remuneration of its employees with references to market rates and individual's qualifications, experience, skills, performance and contributions. The Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages the employees to pursue their professionalism and personal goals.

The Board determined the remuneration of the Directors based on recommendation from the remuneration committee of the Company. The Board took into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Group, market practices, financial and non-financial performance, and desirability of performance-based remuneration. The remuneration committee of the Company will determine the overall amount of each component of remuneration, taking into account both quantitative and qualitative assessment of performance. No individual Director or any of his/her associates is involved in deciding his/her own remuneration.

No equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive Directors. This measure aims to ensure the independent non-executive Directors are demonstrating objective judgement throughout their tenure. This is because equity-based remuneration with performance-related elements may lead to bias in their decision-making and compromise their objectivity and independence.

The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group. In addition, employees are always encouraged to attend job-related seminars, webinars, courses and programs organised by professional or educational institutions, in Malaysia, Singapore, Hong Kong or other jurisdiction.

## PROSPECTS

As Malaysia's reopening policies continue and business operating hours are lifted, the Group's activities are gradually resuming. However, the industry remains competitive and the future market is uncertain. The industry is also facing inflationary pressures and labor shortages. The rising interest rates have increased the cost of capital, putting pressure on the Group's profitability. This is especially true in the increasingly competitive construction and trading businesses of marine gas oil. In light of these challenges, the Group remains conservative about its business and financial performance in the near future and will take a prudent approach to new contracts to mitigate the potential negative impact on the Group's profitability.

Despite the uncertainties and challenges ahead, new contracts were awarded and the Group's business was improved continuously. Taking into account of the cash and cash equivalents in hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy. In addition, the Group is currently performing preliminary marine risk assessment and preparation for the commencement work of a potential project and negotiating with such potential customer on revising the scope of work and pricing given that it is related to a reclamation and related works and marine transportation awarded in 2019 while being terminated in early 2023 due to the change of scope of work required and so the pricing. It is envisaged that this project will be commenced in 2024. Given this positive development of the project, and marine transportation activities in Singapore which will increase gradually upon the completion of site rearrangements towards mid-2024, the Group believes these events will be beneficial to the Group's future business.

On the other hand, the Malaysia government recently announced that it will launch certain sizable projects. The Group believes that these projects will be a catalyst for the market and will progressively improve the economy. The Group will continuously pursue infrastructure work related projects, like public road upgrading projects in Johor. Certain potential customers in relation to reclamation and related works have engaged the Group for pre-contract feasibility studies. The management views these enquiries as early opportunities to engage with first set information of the potential projects to explore further opportunities.

Moving forward, the Group will remain vigilant in monitoring the uncertainties faced by the Group and market development, in order to stay abreast of business opportunities in the operating countries. The Group will also optimise its business models and portfolios to solidify its market competitiveness by participating in different tenders actively. At the same time, the Group is focusing on realising the value of the properties on hand by selling the properties in the market through engagement with the team. The Group will leverage its financial position, extensive network from its management, strong quality management system and resources available to implement appropriate business strategies to mitigate the potential adverse impact on its business operations and to safeguard the return to the shareholders of the Company.

## USE OF PROCEEDS

The net proceeds of the global offering of the Shares received by the Company were approximately HK$125.2 million (approximately RM62.6 million)*(Note 1)*, after deduction of underwriting fees and related listing expenses, of which HK$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from 10 May 2019 (the Listing Date) up to 30 June 2023:

| **Use of net proceeds as at 30 June 2023** | **Percentage of net proceeds** *%* | **Amount** *RM million* | **Amount utilised** *RM million* | **Actual balance as at 30 June 2023** *RM million* | **Expected timeline on utilising the remaining proceeds** *(Note 2)* |
|---|---|---|---|---|---|
| Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services | **57.9** | **36.2** | – | **36.2** | By June 2024 |
| Purchasing new land-based machineries | **7.3** | **4.6** | – | **4.6** | By June 2024 |
| Satisfying performance bonds requirement of prospective projects | **23.4** | **14.7** | **(4.0)** | **10.7** | By June 2024 |
| Upgrading the information technology and project management systems | **0.6** | **0.4** | **(0.2)** | **0.2** | By June 2024 |
| Recruiting and expanding management team for the building and infrastructure works | **3.4** | **2.1** | **(0.6)** | **1.5** | By June 2024 |
| Working capital and general corporate purposes | **7.4** | **4.6** | **(4.6)** | – | N/A |
| | **100.0** | **62.6** | **(9.4)** | **53.2** | |

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 30 June 2023, approximately RM53.2 million (representing approximately 85.0% of the net proceeds from the global offering) had not yet been utilised. The unutilised portion of the net proceeds were deposited in the Group's banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

There is a delay in the timing of utilising the remaining net proceeds from the global offering. Such delay is due to (i) the delay in commencement of construction contracts; and (ii) several contracts expected to be awarded were being cancelled by the potential customers since the Listing. The economic environment remains unstable and the future market remains uncertain. Considering the majority of the remaining proceeds is for capital and business expenditure purpose, the Group shall utilise the remaining proceeds in a conservative manner. Such utilisation is based on the future market development and the potential business opportunities of the Group. This is to reduce the unnecessary costs incurred along with the expansion plan.

*Notes:*

(1) The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

(2) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers on the expected commencement date of the construction contracts previously secured; (ii) ongoing contracts on hand; and (iii) the present business and economic environment including the consequential impact of COVID-19 outbreak, as of the date of this announcement. In view of the above, the Directors expect the remaining proceeds will be utilised alongside the resumption of the economic activities in general by the year ending 30 June 2024 should the market and economic situation require, and would be subject to change based on the future development of market conditions.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 16 November 2023 to 21 November 2023, both days inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 15 November 2023.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2023 and up to the date of this announcement, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix 14 to the Listing Rules ("**CG Code**").

## MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the year ended 30 June 2023 and up to the date of this announcement.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2023.

## AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 in Part 2 "Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices" of the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan. Mr. Tai Lam Shin is the chairman of the audit committee.

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and the audited consolidated financial statements of the Group for the year ended 30 June 2023.

## SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2023 as set out in the preliminary results announcement have been agreed by the Group's external auditors, Crowe Malaysia PLT, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2023.

The work performed by Crowe Malaysia PLT in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Accounting Standards Board and consequently no assurance has been expressed by Crowe Malaysia PLT on this preliminary results announcement.

## PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the respective websites of the Stock Exchange ***(www.hkexnews.hk)*** and the Company ***(www.jbb.com.my)***. The annual report for the year ended 30 June 2023 containing all the information required by the Listing Rules will be available on the above websites and despatched to shareholders of the Company in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to the shareholders of the Company, business partners and customers of the Group for their continued support, guidance and contribution to the Group and appreciation to our management and employees for their hard work and dedication.

By order of the Board
**JBB Builders International Limited**
**Dato' Ng Say Piyu**
*Chairman and executive Director*

Hong Kong, 22 September 2023

*As at the date of this announcement, the Board comprises Dato' Ng Say Piyu, Mr. Lam Fung Eng and Mr. Ng Chong Boon, as executive Directors, Datin Ngooi Leng Swee as non-executive Director, Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan as independent non-executive Directors.*