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JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

BUSINESS UPDATE AND PROFIT WARNING

This announcement is made by JBB Builders International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BUSINESS UPDATE

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Group’s latest business update in light of the outbreak of the coronavirus COVID-19. Several emergency public health measures imposed by the government of Malaysia including Restriction of Movement Order are still in force. As such, limited business operations are permitted under the latest lockdown arrangement by the government of Malaysia since 1 June 2021. This situation has led to continuous disruption to the Group’s business operations in Malaysia. Nonetheless, conditional approval was granted by the competent authorities to the Group to proceed with some ongoing projects which commenced operation before 1 June 2021. The Board expects that a project awarded in Singapore would likely to contribute stable revenue to the Group during the year ended 30 June 2021 and in the near future.

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the eleven months ended 31 May 2021 and information that is currently available, the Group is expected to record a loss attributable to owners of the Company of approximately RM5 million for the year ended 30 June 2021, as compared with a profit recorded by the Group for the year ended 30 June 2020.

Based on the information currently available to the Company, the Board believes that the expected loss of the Company for the year ended 30 June 2021 is mainly attributable to the combined effect of the following factors:

- (a) a substantial decrease in gross profit was primarily caused by (i) continuous fixed direct cost incurred; (ii) lower contract value was entered as a result of increased competition in the market; and (iii) the increase in subcontracting costs;
- (b) the recognition of loss allowance for expected credit losses on trade receivables and contract assets caused by the slowdown of the collection of receivables from the customers;
- (c) impairment loss on property, plant and equipment and deposits paid for acquisition of investment properties as compared with nil during the year ended 30 June 2020; and
- (d) recognition of the foreign exchange gain arising from the translation of foreign currency denominated balances into Malaysia Ringgit as compared with foreign exchange loss during the year ended 30 June 2020.

As the Company is still in the process of finalising the results of the Group for the year ended 30 June 2021, the information contained in this profit warning announcement is only based on the preliminary assessment by the Company's management on the unaudited consolidated management accounts of the Group and the information currently available, which has not been reviewed by the audit committee of the Company nor audited by the Company's auditors, and is subject to changes and adjustments arising from further review. The annual results of the Company for the year ended 30 June 2021 is expected to be published by the end of September 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 July 2021

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.