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JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

DISCLOSEABLE TRANSACTION SETTLEMENT OF TRADE PAYABLES THROUGH ASSIGNMENT OF PROPERTIES

DEED OF SETTLEMENT

On 21 January 2022 (after trading hours), JBB Builders, an indirect wholly-owned subsidiary of the Company, and Benzmark Inex Development, one of the Group's subcontractors, entered into a Deed of Settlement, pursuant to which Benzmark Inex Development agreed that the Trade Payables of approximately RM3.4 million are deemed to be received by Assignment of the Properties, which JBB Builders is the beneficial owner with value of the Properties of approximately RM3.4 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Deed of Settlement (in aggregate) exceeds 5% and all applicable percentage ratios (as defined under the Listing Rules) are less than 25%, the transaction contemplated under the Deed of Settlement constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEED OF SETTLEMENT

On 21 January 2022 (after trading hours), JBB Builders, an indirect wholly-owned subsidiary of the Company, and Benzmark Inex Development, one of the Group's subcontractors, entered into a Deed of Settlement, pursuant to which Benzmark Inex Development agreed that the Trade Payables of approximately RM3.4 million are deemed to be received by Assignment of the Properties with value of the Properties of approximately RM3.4 million. The principal terms of the Deed of Settlement are disclosed as below:

Parties

- (1) JBB Builders
- (2) Benzmark Inex Development

Subject Matter

The Properties are two storey cluster houses located in located in the in the Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia, with total land area of approximately 411 square metres and built-up area of approximately 378 square metres.

Reference is made to note 16(a) to the consolidated financial statements of the Company's annual report 2021 relating to the acquisition of the Properties to set off certain trade receivables during the year ended 30 June 2021. The carrying value of the Properties amount to approximately RM2.1 million as at 31 December 2021.

Effective Date

21 January 2022 (after trading hours)

Nature and terms of Deed of Settlement

- (1) Upon execution of the Deed of Settlement, Trade Payables amounted to approximately RM3.4 million shall be treated by the parties as full payment of the value of the Properties whereupon:
 - i. JBB Builders shall be treated and regarded to have paid Benzmark Inex Development in full for the Trade Payables; and
 - ii. Benzmark Inex Development shall be treated and regarded to have paid JBB Builders in full for the value of the Properties; and
- (2) Upon execution of the Deed of Settlement:
 - i. Benzmark Inex Development shall have all the rights, titles, benefits and interest in the Properties; and
 - ii. Benzmark Inex Development has agreed to accept the Assignment of Properties.

Value of the Properties for setting off Trade Payables

The value of the Properties for setting off the Trade Payables amount to approximately RM3.4 million which was determined after arm's length negotiation between JBB Builders and Benzmark Inex Development on normal commercial terms with reference to, among other things the valuation of the Properties as at 31 December 2021 of approximately RM2.1 million conducted by an independent professional property valuer appointed by the Group and the value of the Properties JBB Builders obtained during the year ended 30 June 2021 with consideration of approximately RM3.4 million.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DEED OF SETTLEMENT

As at 31 December 2021, the aggregate outstanding trade payables to Benzmark Inex Development amounted to approximately RM13.9 million. It is mutually agreed that the Properties are to be assigned to Benzmark Inex Development as partial settlement of the outstanding trade payables.

The Directors are of the view that by entering into the Deed of Settlement, part of the Group's outstanding trade payables could be settled and at the same time the Group will realise the value of the Properties. Benzmark Inex Development ceases to be exposed to the credit risk associated with such outstanding trade payables. The Group can also maintain business relationship with Benzmark Inex Development and further corporate in construction projects in future.

The Board has approved the Deed of Settlement and the transaction contemplated thereunder. In addition, the Board considers that the Deed of Settlement and the terms thereof are fair and reasonable and on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE DEED OF SETTLEMENT

The Properties were acquired by the Group at approximately RM3.4 million to set off certain trade receivables during the year ended 30 June 2021 while impairment loss on deposits paid for acquisition of the investment properties of approximately RM1.3 million were recognised during the year ended 30 June 2021 in relation to the Properties. Immediately after the execution of the Deed of Settlement, Trade Payables of approximately RM3.4 million will be set off by the derecognition of non-current deposits paid for acquisition of the investment properties of approximately RM2.1 million. Approximately RM1.3 million will be recorded as a gain on disposal during the financial year ending 30 June 2022. There will be no gain or loss on disposal of Properties in total since the acquisition of the Properties. During the financial year ending 30 June 2022, the actual gain in connection with the Deed of Settlement will be subject to the final cost to be incurred, including the legal fees, professional fees and tax impact arising from the Deed of Settlement.

Other than the above-mentioned items, the Board considers that there will be no material adverse impact on its financial position and on the business and operation of the Group.

LISTING RULES IMPLICATIONS

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GENERAL

The Group is principally engaged in the business of marine construction and building and infrastructure services.

JBB Builders is a company incorporated in Malaysia with limited liability on 4 May 1996 and an indirect wholly-owned subsidiary of the Company. It mainly engages in the business of marine construction, building and infrastructure services.

Benchmark Inex Development is a company incorporated in Malaysia with limited liability on 16 July 2008 and mainly engages in the business of trading and dredging of sands, and freight forwarding services. It is 99.9998% and 0.0002% directly owned by Dato' Kuang Chia Chun and Mr. Ahamed Riffae Bin Mohamad Kutty, respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Benchmark Inex Development and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Assignment of the Properties” assignment of all the right, title, benefit, interest and ownership of the Properties to Benchmark Inex Development

“Benchmark Inex Development” Benchmark Inex Development Sdn. Bhd. (formerly known as Benchmark Development (M) Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 16 July 2008

“Board”	the board of Directors
“Company”	JBB Builders International Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Deed of Settlement”	the deed of settlement dated 21 January 2022 entered into between JBB Builders and Benzmark Inex Development in relation to the set off of the Trade Payables through Assignment of the Properties
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries (as the same is defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong))
“JBB Builders”	JBB Builders (M) Sdn. Bhd., a company incorporated in Malaysia with limited liability on 4 May 1996 and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	beneficial ownership of the 2 units of two storey cluster house located in the in the Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia, to be assigned under the Deed of Settlement
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trade Payables”

trade payables owing from JBB Builders to Benzmark Inex Development in relation to the construction contracts performed with a total amount of approximately RM3.4 million to be set off under the Deed of Settlement

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

Hong Kong, 21 January 2022

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.