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JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

CONTINUING CONNECTED TRANSACTIONS ANNOUNCEMENT ON NEW SUBCONTRACT AGREEMENT WITH SOUTHERN DIGGERS

NEW SUBCONTRACT AGREEMENT WITH SOUTHERN DIGGERS

Reference is made to the Subcontract Agreement and Supplemental Agreement entered into between JBB Builders, an indirect wholly-owned subsidiary of the Company, and Southern Diggers in relation to the service of Construction Works with original contract sum of RM35,664,371.73 and a contract term ending on 30 June 2022, details of which are disclosed in the announcements of the Company dated 1 August 2019, 30 June 2021, and 2021 annual report.

Given that the Subcontract Agreement and Supplemental Agreement and the annual caps will be expired on 30 June 2022 and Southern Diggers will continue to perform the remaining Construction Works subsequent to 30 June 2022, on 22 June 2022 (after trading hours), JBB Builders entered into a New Subcontract Agreement with Southern Diggers to perform the service of the remaining Construction Works with original contract sum of RM16,380,451.67. The transactions contemplated under the New Subcontract Agreement constituted continuing connected transactions of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

The transactions contemplated under the New Subcontract Agreement are of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the New Subcontract Agreement do not constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Toh Ang Poo is a director and a substantial shareholder (as defined in the Listing Rules) holding 25% issued share capital of Gabungan Jasapadu Sdn. Bhd. (an indirect non-wholly-owned subsidiary of the Company) and accordingly he is a connected person of the Company at the subsidiary level. In the meantime, Mr. Toh Ang Poo holds 33.3% of the issued share capital of Southern Diggers. Therefore, Southern Diggers is an associate (as defined in the Listing Rules) of Mr. Toh Ang Poo. As such, the transactions contemplated under the New Subcontract Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the New Subcontract Agreement are exempted from the circular, independent financial advice and independent Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements by virtue of Rule 14A.101 of the Listing Rules.

THE NEW SUBCONTRACT AGREEMENT

Reference is made to the Subcontract Agreement and Supplemental Agreement entered into between JBB Builders, an indirect wholly-owned subsidiary of the Company, and Southern Diggers in relation to the service of Construction Works with original contract sum of RM35,664,371.73 and a contract term ending on 30 June 2022, details of which are disclosed in the announcements of the Company dated 1 August 2019 and 30 June 2021, and 2021 annual report.

Given that the Subcontract Agreement and Supplemental Agreement and the annual caps will be expired on 30 June 2022 and Southern Diggers will continue to perform the remaining Construction Works subsequent to 30 June 2022, on 22 June 2022 (after trading hours), JBB Builders entered into a New Subcontract Agreement with Southern Diggers to perform the service of the remaining Construction Works with original contract sum of RM16,380,451.67. The principal terms of the New Subcontract Agreement are disclosed as below:

Date	:	22 June 2022
Main subcontractor	:	JBB Builders
Subcontractor	:	Southern Diggers
Nature of transactions	:	Pursuant to the New Subcontract Agreement, Southern Diggers will provide the service of remaining Construction Works.

- Period : The remaining Construction Works contemplated under the New Subcontract Agreement are expected to be commenced from July 2022 and is expected to be completed in September 2022 with a defects liability period of 365 days from date of completion, during which Southern Diggers is responsible to rectify all works defects identified by JBB Builders or its customer (i.e. from July 2022 to September 2023).
- Payment terms : (1) Southern Diggers shall submit the progress claim with details list or schedule of work done on the amount of works completed on the 20th day of each month. Upon review by JBB Builders and agreement with both parties, JBB Builders will then issue an interim payment certificate to Southern Diggers and pay Southern Diggers an amount by cash or cash equivalents representing at least 90% of the approved completed works in that month (subject to the limit of retention money) within 30 days after the issuance of the tax invoice. Immediately before the issuance of certificate of practical completion of the work, JBB Builders shall pay Southern Diggers an amount by cash or cash equivalents which, together with the amounts already paid, shall represent 95% of the total contract amount; and
- (2) The remaining 5% of the total contract amount will be retained by JBB Builders with 2.5% will be paid by cash or cash equivalents to Southern Diggers upon the issuance of the certificate of practical completion and the remaining 2.5% will be paid by cash or cash equivalents upon the expiry of the defects liability period.

PRICING

The contract sum is determined (i) according to the Group's policy in selection of subcontractors by obtaining at least two quotations from independent third parties to ensure that the transactions will be on normal commercial terms and are fair and reasonable with reference to the terms offered by independent third parties; and (ii) taking into account the profit the Group made in the construction project. The Directors consider that the terms in the New Subcontract Agreement have been arrived at after an arm's length negotiation, and are on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties of the Group.

ANNUAL CAPS AND BASIS OF DETERMINATION

The annual caps in respect of the transactions contemplated under the New Subcontract Agreement are RM17.2 million and RM820,000 for the years ending 30 June 2023 and 30 June 2024, respectively.

The annual caps for the years ending 30 June 2023 and 30 June 2024 are made with reference to (i) the original contract sum of New Subcontract Agreement amounted to RM16,380,451.67; (ii) anticipated progress of work and anticipated completion date of the New Subcontract Agreement as of the date of New Subcontract Agreement; (iii) provision for further variation orders based on approximately 5% of the remaining Construction Works, which serves as a buffer; and (iv) provision of defects works estimated to be approximately 5% of the original contract sum to be performed during defects liability period.

REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Southern Diggers has extensive experience in the construction business in Johor and was involved in the provision of numerous large-scale construction projects, including building and infrastructure projects. Southern Diggers has a proven track record period and possess expertise and technical capabilities in handling such construction projects similar to that set out in the New Subcontract Agreement, and the Construction Works under the Subcontract Agreement and Supplemental Agreement. The Directors believe that engaging Southern Diggers to carry out the remaining Construction Works in respect of the New Subcontract Agreement will allow the Group to retain more flexibility without directly employ workers and at the same time allows the Group to save the related administration costs and expenses and enable the Group to focus more on project management and ensure effective implementation of the projects. The Board is of the view that Southern Diggers is able to undertake the remaining Construction Works in a timely and reliable way and completed up to the standards desired by JBB Builders.

The Board has approved the New Subcontract Agreement and the transactions contemplated thereunder. In addition, the Directors (including the independent non-executive Directors) are of the view that the New Subcontract Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, the terms of the New Subcontract Agreement and the annual caps in respect 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.

LISTING RULES IMPLICATIONS

The transactions contemplated under the New Subcontract Agreement are of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the New Subcontract Agreement do not constitute notifiable transactions of the Company pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Toh Ang Poo is a director and a substantial shareholder (as defined in the Listing Rules) holding 25% issued share capital of Gabungan Jasapadu Sdn. Bhd. (an indirect non-wholly-owned subsidiary of the Company) and accordingly he is a connected person of our Company at the subsidiary level. In the meantime, Mr. Toh Ang Poo holds 33.3% of the issued share capital of Southern Diggers. Therefore, Southern Diggers is an associate (as defined in the Listing Rules) of Mr. Toh Ang Poo. As such, the transactions contemplated under the New Subcontract Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As none of the Directors have a material interest in the New Subcontract Agreement or the transactions contemplated thereunder, no Director had abstained from voting on the relevant resolution proposed at the board meeting of the Company approving the New Subcontract Agreement and the transactions contemplated thereunder.

As (i) Southern Diggers is a connected person to the Company at the subsidiary level; (ii) the Board has approved the New Subcontract Agreement and the transactions contemplated thereunder; and (iii) all the independent non-executive Directors have confirmed that the New Subcontract Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business; and the terms of the New Subcontract Agreement and the annual caps in respect 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, the transactions contemplated under the New Subcontract Agreement are exempted from the circular, independent financial advice and independent Shareholders' approval requirements but are subject to the reporting, annual review and announcement requirements by virtue of Rule 14A.101 of the Listing Rules.

GENERAL

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

The Company is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange.

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

Southern Diggers is a company incorporated in Malaysia with limited liability on 26 August 2011 and mainly engages in constructions, trading of sand and earth, transportation of goods and hiring of machinery. Southern Diggers is 33.33%, 33.33% and 33.34% owned by Mr. Toh Ang Poo (a connected person of the Company at the subsidiary level), Mr. Yong Yoon Poh and Mr. Lee Hon Min, respectively.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	JBB Builders International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Construction Works”	construction works of upgrading existing Kempas Interchange at North South Highway at Jalan Kempas Lama, Johor, Malaysia;
“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));
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China;
“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;
“Johor”	the State of Johor, a Malaysian state located in the southern region of peninsular Malaysia and adjacent to Singapore;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Main Board”	the stock market operated by the Stock Exchange, which excludes GEM and the option market;
“New Subcontract Agreement”	a subcontract agreement dated 22 June 2022 entered into between JBB Builders and Southern Diggers in relation to the remaining Construction Works;
“RM”	Ringgit Malaysia, the lawful currency of Malaysia;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Southern Diggers”	Southern Diggers Enterprise Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 August 2011;
“Subcontract Agreement”	a subcontract agreement dated 1 August 2019 entered into between JBB Builders and Southern Diggers in relation to the Construction Works;
“Supplementary Agreement”	a supplementary agreement dated 30 June 2021 entered into between JBB Builders and Southern Diggers in relation to the Construction Works;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 22 June 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.