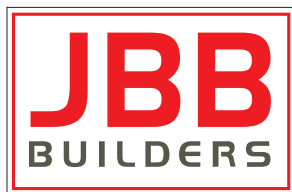


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JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1903)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

THE SUBCONTRACT AGREEMENT

On 1 August 2019 (after trading hours), JBB Builders, an indirect wholly-owned subsidiary of the Company, entered into a Subcontract Agreement with Southern Diggers in relation to the service of Construction Work with original contract sum of RM35,664,371.73, which constituted continuing connected transactions of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Subcontract Agreement are Construction Work of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the 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 Subcontract Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Subcontract Agreement and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the Subcontract Agreement was entered into in the ordinary and usual course of business; 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, the transactions contemplated under the 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 SUBCONTRACT AGREEMENT

On 1 August 2019 (after trading hours), JBB Builders and Southern Diggers entered into a Subcontract Agreement with the principal terms disclosed as below:

- Date: 1 August 2019
- Main subcontractor: JBB Builders
- Subcontractor: Southern Diggers
- Nature of transactions: Pursuant to the Subcontract Agreement, Southern Diggers will provide the service of Construction Work.
- Period: The Construction Work contemplated under the Subcontract Agreement are expected to be commenced from August 2019 and is expected to be completed in December 2020 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.
- 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) through the tendering process 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 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 Subcontract Agreement are RM39.6 million and RM28.7 million for the year ending 30 June 2020 and year ending 30 June 2021, respectively.

The annual caps are made with reference to (i) the original contract sum of RM35,664,371.73; (ii) anticipated progress of work and anticipated completion dates of the Subcontract Agreement (with buffer for completing the relevant work 2 months before or 5 months after the anticipated completion dates, whichever the higher). The buffer of 5 months after the anticipated completion dates is determined with reference to the average difference of the original expected completion date and the final or latest expected completion date of the historical relevant building and infrastructure contracts; and (iii) anticipated variation orders based on approximately 21% of the original contract sum of the Subcontract Agreement, allocated in accordance with the anticipated progress of work, which serves as a general buffer. Such buffer of 21% of the original contract sum is determined with reference to the average actual variation orders of the historical relevant building and infrastructure contracts, which is around 16% of the original contract sum and additional 5% buffer considering the project owner is a new customer of the Group and the project is related to upgrading interchange at highway which pose uncertainty on the variation orders to be incurred.

REASONS FOR 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 Subcontract Agreement. The Directors believe that engaging Southern Diggers to carry out the Construction Work in respect of the 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 Construction Work in a timely and reliable way and completed up to the standards desired by JBB Builders.

The Board has approved the Subcontract Agreement and the transactions contemplated thereunder. In addition, the Directors (including the independent non-executive Directors) are of the view that the 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 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.

As none of the Directors have a material interest in the 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 Subcontract Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Subcontract Agreement are Construction Work of revenue nature in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the 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. Meanwhile, 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 Subcontract Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Board has approved the Subcontract Agreement and the transactions contemplated thereunder and all the independent non-executive Directors have confirmed that the Subcontract Agreement were entered into in the ordinary and usual course of business; 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, the transactions contemplated under the 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 business of marine construction, building and infrastructure services.

JBB Builders, 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.

Southern Diggers, 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.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto 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 thereto under the Listing Rules
“Construction Work”	construction work 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”	the Hong Kong Special Administrative Region of the PRC
“JBB Builders”	JBB Builders (M) Sdn. Bhd., a company incorporated in Malaysia 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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontract Agreement”	the Subcontract Agreement dated 1 August 2019 entered into between JBB Builders and Southern Diggers in relation to the Construction Work
“%”	per cent

By Order of the Board
JBB Builders International Limited
Dato’ Ng Say Piyu
Chairman

Hong Kong, 1 August 2019

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. Wong Kwok Wai, Albert and Ms. Chan Pui Kwan as independent non-executive directors.