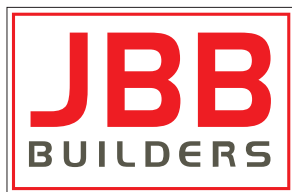


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JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

DISCLOSEABLE TRANSACTION DEED OF SETTLEMENT OF TRADE RECEIVABLES THROUGH ASSIGNMENT OF THE PROPERTIES

DEED OF SETTLEMENT

On 19 February 2020 (after trading hours), JBB Builders, an indirect wholly-owned subsidiary of the Company, Bukit Pelali and Saling Syabas entered into the Deed of Settlement, pursuant to which JBB Builders agreed that the Trade Receivables of approximately RM22.1 million are deemed to be received by Assignment of the Properties owned by Saling Syabas with Value of the Properties of approximately RM22.1 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 transactions 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.

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approximately RM22.1 million are deemed to be received by Assignment of the Properties owned by Saling Syabas with Value of the Properties of approximately RM22.1 million. The principal terms of the Deed of Settlement are disclosed as below:

Parties

- (1) JBB Builders
- (2) Bukit Pelali
- (3) Saling Syabas

Subject Matter

The Properties to be assigned comprises of:

Particular of property	Type of property	Status of property	Land area (approximate square feet)	Built-up area (approximate square feet)	Tenure of land	Number of property	Value of property (RM million)
Double storey terrace house in the Mukim of Pengerang, Kota Tinggi, Johor, Malaysia	Residential properties	Completed	1,833	1,610	Leased for a term of 99 years till 25 May 2115	1	0.4
Clusters in the Mukim of Pengerang, Kota Tinggi, Johor, Malaysia	Residential properties	Under construction	39,062	34,790	Leased for a term of 99 years till 25 May 2115	14	8.3
Double storey terrace houses in the Mukim of Pengerang, Kota Tinggi, Johor, Malaysia	Residential properties	Under construction	50,496	47,585	Leased for a term of 99 years till 25 May 2115	23	11.4
3-storey shop offices in the Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia	Commercial properties	Under construction	2,880	8,270	Leased for a term of 99 years till 10 October 2116	2	2.0
			94,271	92,255		40	22.1

The Properties are leasehold properties located in the Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia and are being developed by Bukit Pelali. The Properties include shop lots, terrace houses and cluster houses with total land area of approximately 94,271 square feet and built-up area of approximately 92,255 square feet.

Effective Date

19 February 2020 (after trading hours)

Nature and terms of Deed of Settlement

- (1) Upon execution of the Deed of Settlement, Trade Receivables shall be treated by the parties as full payment of the Value of the Properties with Trade Receivables being of the equal amount as the Value of the Properties whereupon:
 - i. Bukit Pelali shall for all intents and purposes be treated and regarded to have paid JBB Builders in full for the Trade Receivables. JBB Builders shall have no claims or demands against Bukit Pelali in respect of the Trade Receivables;
 - ii. JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers shall for all intents and purposes be treated and regarded to have paid Saling Syabas and/or Bukit Pelali in full for the Value of the Properties. Saling Syabas and/or Bukit Pelali shall have no claims or demands against JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers in respect of the Value of the Properties;
 - iii. JBB Builders shall be the beneficial owner of the Properties;
 - iv. Saling Syabas and/or Bukit Pelali shall execute all documents (including any undertakings and an assignment where applicable) necessary to legally and lawfully (in accordance with the laws of the place in which the Properties are situated) assign all the right, title, benefit, interest and ownership to and of the Properties to JBB Builders;
- (2) Upon execution of the Deed of settlement, JBB Builders shall have the rights to:
 - i. assign/transfer/dispose/pledge/charge the Properties to any parties without the consent of Saling Syabas and/or Bukit Pelali; and
 - ii. arrange financing including to assign/pledge/charge any of the Properties without the consent of Saling Syabas and/or Bukit Pelali; and
- (3) Upon the completion of the construction of the Properties, Saling Syabas and Bukit Pelali shall, at its own cost and expense:
 - i. arrange the issuance of title to each of the Properties by the relevant authority in Malaysia to JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers;
 - ii. execute and deliver a valid and registrable instrument of transfer of the Properties to JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers save that the stamp duty of such instrument of transfer shall be borne by JBB Builders; and

- iii. deliver the original issue document of separate title registered in the name of JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers upon registration by and extraction from the land registry in Malaysia.
- (4) In the event that if Saling Syabas and/or Bukit Pelali fail to complete the Assignment of the Properties to JBB Builders and/or its nominees/assignees/transferees/subsequent purchasers in accordance with situation stipulated under the Deed of Settlement, JBB Builders shall be entitled to claim from Saling Syabas and/or Bukit Pelali the sum equivalent to the Value of the Properties in whichever way it deems fit.

Value of the Properties for setting off Trade Receivables

The Value of the Properties for setting off the Trade Receivables shall be approximately RM22.1 million which shall be satisfied by the Assignment of the Properties. The Value of the Properties was determined after arm's length negotiation among JBB Builders, Bukit Pelali and Saling Syabas on normal commercial terms with reference to, among other things, (i) the valuation of the Properties as at 21 January 2020 of approximately RM26.4 million conducted by an independent professional property valuer appointed by the Group; and (ii) bulk discount mutually agreed.

REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT

Bukit Pelali is a property developer and has awarded Construction Contracts to JBB Builders. In the course of normal business operation, the Group issues invoices to Bukit Pelali in accordance with the terms of the Construction Contracts, and records trade receivables to be settled by Bukit Pelali. As at 31 December 2019, the outstanding trade receivables from Bukit Pelali amounted to approximately RM51.7 million.

Since Bukit Pelali is unable to settle the outstanding trade receivables on schedule, it is mutually agreed that the Properties owned by Saling Syabas, a substantial shareholder of Bukit Pelali, are to be assigned to the Group as partial settlement of the outstanding trade receivables with the Value of the Properties determined with reference to, among other things, (i) the valuation of the Properties as at 21 January 2020 of approximately RM26.4 million conducted by an independent professional property valuer appointed by the Group; and (ii) bulk discount mutually agreed.

The Directors are of the view that by entering into the Deed of Settlement, the Group's long outstanding trade receivables could be settled, and at the same time could diversify the Group's assets by acquiring the Properties. The Group ceases to be exposed to the credit risk associated with such outstanding trade receivables from Bukit Pelali. Since the Value of the Properties for the purpose of settling the Trade Receivables was discounted from the market price, the Group's financial position could also be improved should the Properties be realised at the market price in the market.

The Board has approved the transactions contemplated under the Deed of Settlement. In addition, the Board considers that the terms of the Deed of Settlement 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.

FINANCIAL IMPACT OF THE DEED OF SETTLEMENT

Trade Receivables of approximately RM22.1 million will be set off by the recognition of non-current deposits paid for acquisition of the investment properties for the assignment of the Properties of approximately RM22.1 million measured at carrying value immediately after the Deed of Settlement. It will be recognised as investment properties upon transfer of title of the Properties subject to fair value measurement with impact reflected in profit or loss in future. It is estimated that the Group will capitalise the cost of approximately RM0.7 million incurred/to be incurred in connection with the Deed of Settlement which included stamp duty on memorandum of transfer, legal fees and professional fees. The recognition of impairment loss on trade receivables in connection with such Trade Receivables of approximately RM2.0 million as of 31 December 2019 will be reversed.

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

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 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.

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 our Company. It mainly engages in the business of marine construction, building and infrastructure services.

Bukit Pelali is a company incorporated in Malaysia with limited liability on 3 October 2016 and an indirectly owned by as to 51% and 49% by Astaka Holdings Limited, a company whose shares are listed on the Singapore Exchange, and Saling Syabas, respectively. It mainly engages in property development. Bukit Pelali is appointed by Saling Syabas as the developer of the land who then appointed JBB Builders as the main contractor to perform the Construction Contracts.

Saling Syabas is a company incorporated in Malaysia with limited liability on 26 November 2013. It mainly engages in property development. Saling Syabas is the proprietor of the Properties and appointed Bukit Pelali as the developer to develop the land in which the Properties situated.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for Dato' Ng Say Piyu, the chairman, executive Director and controlling Shareholder of the Company, who had purchased shares in Astaka Holdings Limited from the open market representing approximately 0.2% of its issued share capital, Bukit Pelali and Saling Syabas and their 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 owned by Saling Syabas to JBB Builders
“Board”	the board of Directors
“Bukit Pelali”	Bukit Pelali Properties Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 October 2016 and owned by Astaka Holdings Limited and Saling Syabas as to 51% and 49%, respectively
“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 person(s)”	has the meaning ascribed thereto under the Listing Rules
“Construction Contracts”	construction contracts assigned from Bukit Pelali to JBB Builders in relation to site clearance, earthwork and retaining structure of mixed housing development, infrastructure and building works for mixed housing and commercial buildings, completion of road to sewerage treatment plan and overall falling main and temporary suction tank of mixed development at Pengerang, Johor, Malaysia
“Deed of Settlement”	the deed of settlement dated 19 February 2020 entered into among JBB Builders, Bukit Pelali and Saling Syabas in relation to the set off of the Trade Receivables 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))
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 our 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
“Properties”	the 40 units of leasehold property located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia, to be assigned under the Deed of Settlement
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“Saling Syabas”	Saling Syabas Sdn. Bhd., a company incorporated in Malaysia with limited liability on 26 November 2013
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Receivables”	trade receivables owing from Bukit Pelali to JBB Builders in relation to the Construction Contracts performed with a total amount of approximately RM22.1 million to be set off under the Deed of Settlement
“Value of the Properties”	value of the Properties for the settlement of Trade Receivables under Deed of Settlement
“%”	per cent

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

Hong Kong, 19 February 2020

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.