JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2020

RESULTS HIGHLIGHTS

	Year ended 30 June		
	2020	2019	Increase (decrease)
	RM'000	*RM'000*	*RM'000*
Revenue	**125,531**	329,929	(204,398)
Gross Profit	**19,835**	38,387	(18,552)
Gross profit margin	**15.8%**	11.6%	4.2%
Listing expenses	**—**	5,510	(5,510)
Profit for the year attributable to owners of the Company	**2,158**	19,632	(17,474)
Total equity attributable to equity owners of the Company	**125,594**	125,936	(342)
Basic and diluted earnings per Share *(Sen)*	**0.43**	5.00	(4.57)

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of JBB Builders International Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2020 together with the comparative figures for the year ended 30 June 2019. All amounts set out in this announcement are expressed in Ringgit Malaysia ("**RM**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	**2020** ***RM'000***	2019 *RM'000* *(Note)*
Revenue	*4*	**125,531**	329,929
Direct costs		**(105,696)**	(291,542)
Gross profit		**19,835**	38,387
Other revenue	*5*	**2,397**	1,691
Other net (loss)/income	*5*	**(1,284)**	358
(Allowance)/reversal for impairment loss on trade receivables and contract assets	*6(c)*	**(2,998)**	3,376
General and administrative expenses		**(15,246)**	(16,780)
Profit from operations		**2,704**	27,032
Share of loss of a joint venture		**(37)**	(66)
Finance costs	*6(a)*	**(147)**	(199)
Profit before taxation	*6*	**2,520**	26,767
Income tax expenses	*8*	**(2,200)**	(7,707)
Profit for the year		**320**	19,060
Other comprehensive profit/(loss) for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**2,835**	(948)
Total comprehensive income for the year		**3,155**	18,112
Profit/(loss) for the year attributable to:			
Owners of the Company		**2,158**	19,632
Non-controlling interests		**(1,838)**	(572)
		320	19,060
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**4,993**	18,684
Non-controlling interests		**(1,838)**	(572)
		3,155	18,112
Earnings per share ***(Sen per share)***	*9*		
— Basic		**0.43**	5.00
— Diluted		**0.43**	5.00

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 RM'000	2019 RM'000 (Note)
Non-current assets			
Property, plant and equipment		**4,677**	9,068
Investment properties		**2,710**	3,300
Interest in a joint venture		**298**	335
Deposits paid for acquisition of investment properties	11(a)	**22,095**	—
Deposit paid for acquisition of property, plant and equipment		**101**	—
Deposit placed for a life insurance policy	11(b)	**287**	—
Deferred tax assets		**1,276**	318
		31,444	13,021
Current assets			
Trade and other receivables	10	**84,704**	105,440
Contract assets	12(a)	**42,037**	102,282
Tax recoverable		**2,037**	2,528
Fixed deposits with maturity over three months		**5,000**	—
Pledged bank deposits		**9,178**	5,593
Cash and cash equivalents		**75,968**	114,638
		218,924	330,481
Current liabilities			
Trade and other payables	13	**111,835**	199,628
Contract liabilities	12(b)	**1,282**	89
Bank loan		**—**	501
Lease liabilities		**548**	1,191
Provision for taxation		**—**	2,174
		113,665	203,583
Net currents assets		**105,259**	126,898
Total assets less current liabilities		**136,703**	139,919
Non-current liabilities			
Lease liabilities		**745**	1,155
Deferred tax liabilities		**—**	626
		745	1,781
Net assets		**135,958**	138,138
Capital and reserves			
Share capital	14	**2,672**	2,672
Reserves		**122,922**	123,264
Total equity attributable to equity owners of the Company		**125,594**	125,936
Non-controlling interests		**10,364**	12,202
		135,958	138,138

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liabilities on 30 April 2018 under the Companies Law (Cap. 22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered address is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1222, 12/F, Soundwill Plaza II — Midtown, 1–29 Tang Lung Street, Causeway Bay, Hong Kong.

The ordinary shares of the Company (the "**Share**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing**").

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of marine construction services and building and infrastructure services. As at 30 June 2020, the Directors consider that the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a concert party deed on 16 May 2018.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

Pursuant to the completion of the Group's reorganisation in preparation for the listing of the Company's shares on the Stock Exchange (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**"). The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements for the year ended 30 June 2019 have been prepared as if the Reorganisation had been completed at 1 July 2018 and the current group structure had always been in existence.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollars ("**HK$**") and the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), rounded to the nearest thousand, unless otherwise stated, as the Group's principal activities were carried out in Malaysia.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the investment properties, including interests in leasehold land and buildings held as investment properties where the Group is the registered owner of the property interest, are stated at their fair value.

The deposit placed for a life insurance policy is carried at the cash surrender value of the policy.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 July 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balances of right-of-use assets and lease liabilities at 1 July 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 July 2019. For contracts entered into before 1 July 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 July 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 July 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.2%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 30 June 2020; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as at 30 June 2019 to the opening balance for lease liabilities recognised as at 1 July 2019:

	RM'000
Operating lease commitments at 30 June 2019	192
Less: Commitments relating to leases exempt from capitalisation:	
— Short-term leases and other leases with remaining lease term ending on or before 30 June 2020	(123)
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	108
	177
Less: Total future interest expenses	(37)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019	140
Add: Finance lease liabilities recognised as at 30 June 2019	2,346
Total lease liabilities recognised at 1 July 2019	2,486
Analysed as:	
Current	1,215
Non-current	1,271
	2,486

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 30 June 2019.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impacts of adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amounts at 30 June 2019	**Capitalisation of operating lease contracts**	**Carrying amounts at 1 July 2019**
	RM'000	*RM'000*	*RM'000*
Line items in the consolidated statement of financial position as at 30 June 2019 impacted by the adoption of HKFRS 16:			
Non-current assets			
Property, plant and equipment	9,068	140	9,208
Current liabilities			
Lease liabilities — current	1,191	24	1,215
Non-current liabilities			
Lease liabilities — non-current	1,155	116	1,271

(c) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 July 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

4. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of marine construction services and buildings and infrastructure services.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

Revenue from contracts with customers within the scope of HKFRS 15

	2020	2019
	RM'000	*RM'000*
Construction contracts		
— Reclamation and related works	**11,105**	18,923
— Building and infrastructure	**82,678**	162,245
	93,783	181,168
Marine transportation	**31,748**	148,761
	125,531	329,929

Revenue from construction contracts is recognised over time and revenue from marine transportation is recognised at a point in time.

As at 30 June 2020, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM692,150,000 (2019: RM786,825,000). This amount represents revenue expected to be recognised in future from construction contracts and marine transportation contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 30 June 2021 to 30 June 2024.

(b) Segment reporting

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purpose of allocating resources to segments and assessing their performance.

For management purpose, the Group is organised into business units based on their products and services and has three reportable segments as follows:

Marine construction services

— Reclamation and related works, which includes land reclamation and other marine civil works and may involve soil and site investigation, land and hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment and sand surcharge and removal work.

— Marine transportation, which involves transportation of marine sand including the extraction of marine sand from the approved sand source onto sand carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

Building and infrastructure services

— General building work in construction of properties and infrastructure works.

Segment profit represents the profit/(loss) earned by each segment without allocation of central administrative and corporate expenses (including listing expenses), unallocated other revenue, finance costs and share of loss of a joint venture. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resources allocation and performance assessment.

Information regarding the above segments is reported below.

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 30 June 2020

	Marine construction				
	Reclamation and related works *RM'000*	Marine transportation *RM'000*	Building and infrastructure *RM'000*	Elimination of inter-segment revenue *RM'000*	Total *RM'000*
Revenue					
Revenue from external customers	**11,105**	**31,748**	**82,678**	**—**	**125,531**
Inter-segment revenue	**5,867**	**—**	**—**	**(5,867)**	**—**
Reportable segment revenue	**16,972**	**31,748**	**82,678**	**(5,867)**	**125,531**
Reportable segment (loss)/profit	**(2,939)**	**5,573**	**13,644**	**—**	**16,278**
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					**(15,365)**
Unallocated other revenue					**1,791**
Finance costs					**(147)**
Share of loss of a joint venture					**(37)**
Profit before taxation					**2,520**
Other segment information					
Depreciation	**3,882**	**14**	**—**	**—**	**3,896**
Allowance/(reversal) for impairment loss on trade receivables and contract assets	**107**	**(18)**	**2,909**	**—**	**2,998**
(Gain) on disposal of property, plant and equipment	**(393)**	**(46)**	**—**	**—**	**(439)**
Write off of property, plant and equipment	**—**	**12**	**—**	**—**	**12**

For the year ended 30 June 2019

	Marine construction				
	Reclamation and related works *RM'000*	Marine transportation *RM'000*	Building and infrastructure *RM'000*	Elimination of inter-segment revenue *RM'000*	Total *RM'000*
Revenue					
Revenue from external customers	18,923	148,761	162,245	—	329,929
Inter-segment revenue	11,824	17,969	—	(29,793)	—
Reportable segment revenue	30,747	166,730	162,245	(29,793)	329,929
Reportable segment profit	984	18,320	22,051	—	41,355
Unallocated central administrative and corporate expenses:					
— General and administrative expenses					(9,617)
— Listing expenses					(5,510)
Unallocated other revenue					804
Finance costs					(199)
Share of loss of a joint venture					(66)
Profit before taxation					26,767
Other segment information					
Depreciation	4,329	41	381	—	4,751
(Reversal) for impairment loss on trade receivables and contract assets	(820)	(2,143)	(413)	—	(3,376)
Bad debts (recovered)	(946)	—	—	—	(946)

Geographical information

The following is an analysis of geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	2020 *RM'000*	2019 *RM'000*
Malaysia (place of domicile)	**125,531**	329,929

5. OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2020 *RM'000*	2019 *RM'000*
Other revenue		
Interest income on financial assets measured at amortised cost	**2,367**	665
Handling service fee on provision of diesel	**15**	31
Bad debts recovered	**—**	946
Others	**15**	49
	2,397	1,691
Other net (loss)/income		
Net foreign exchange (loss)/gain	**(1,007)**	218
Fair value loss on investment properties	**(590)**	(581)
Gain on disposal of property, plant and equipment	**439**	721
Loss on deposit placed for a life insurance policy	**(114)**	—
Write off of property, plant and equipment	**(12)**	—
	(1,284)	358

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2020 *RM'000*	2019 *RM'000* *(Note)*
Interest on bank loan	**47**	36
Interest on lease liabilities	**100**	163
Total interest expenses on financial liabilities not at fair value through profit or loss	**147**	199

Note: The Group has initially applied HKFRS 16 at 1 July 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

(b) Staff costs (including Directors' emoluments)

	2020 *RM'000*	2019 *RM'000*
Salaries, wages and other benefits	**9,103**	8,554
Contributions to defined contribution retirement plan	**814**	773
	9,917	9,327
Less: Amount included in direct costs	**(1,180)**	(1,975)
	8,737	7,352

(c) Other items

	2020	2019
	RM'000	*RM'000*
Depreciation charge		
— owned property, plant and equipment *(Note (i))*	**3,396**	5,290
— right-of-use assets *(Note (i))*	**983**	—
	4,379	5,290
Less: Amount included in direct costs	**(3,671)**	(4,507)
	708	783
Operating lease charges: minimum lease payments for lease under HKAS 17 *(Note (i))*		
— properties	**—**	339
— equipment	**—**	1,370
Short-term lease expense as defined in Note 3 under HKFRS 16	**1,425**	—
	1,425	1,709
Less: Amount included in direct costs	**(1,269)**	(1,566)
	156	143
Allowance/(reversal) for impairment loss on trade receivables and contract assets	**2,998**	(3,376)
Bad debts (recovered)	**—**	(946)
Auditors' remuneration	**498**	689
Listing expenses	**—**	5,510
Net foreign exchange loss/(gain)	**1,007**	(218)
Fair value loss on investment properties	**590**	581
(Gain) on disposal of property, plant and equipment	**(439)**	(721)
Loss on deposit placed for a life insurance policy	**114**	—
Write off of property, plant and equipment	**12**	—

Note (i): The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 July 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 July 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See Note 3.

7. DIVIDENDS

Pursuant to approval of the shareholders of the Company at the annual general meeting on 20 November 2019, a final dividend of HK$0.02 per share totalling approximately RM5.3 million in respect of the year ended 30 June 2019 was declared and paid during the year ended 30 June 2020. The dividend has been recorded in the consolidated financial statements for the year ended 30 June 2020.

The Board does not recommend to declare any final dividend for the year ended 30 June 2020.

8. INCOME TAX EXPENSE

	2020	2019
	RM'000	*RM'000*
Current tax		
Charge for the year	**3,649**	7,687
Under/(overprovision) in prior years	**135**	(204)
Deferred tax		
Origination and reversal of temporary differences	**(1,584)**	224
Income tax expense for the year	**2,200**	7,707

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2020 and 2019.

(iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2020 and 2019.

Group's entities in Malaysia with a paid up capital of RM2,500,000 and below can enjoy a lower corporate income tax rate of 17% on the first RM500,000 chargeable income and the statutory rate of 24% shall be charged on chargeable income in excess of RM500,000 for the year ended 30 June 2019.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of approximately RM2,158,000 (2019: RM19,632,000) and the weighted average of 500,000,000 ordinary shares (2019: 392,808,219 ordinary shares) in issue during the year. The weighted average number of ordinary shares in issue during the year ended 30 June 2019 is calculated based on the assumption that 375,000,000 shares were in issue throughout the entire year, taking into consideration of the effect of Reorganisation, loan capitalisation and the capitalisation issue.

	2020	2019
	Number of shares	*Number of shares*
Weighted average number of ordinary shares		
Issued ordinary shares at the beginning of the year	**500,000,000**	10,000
Effect of Reorganisation, loan capitalisation and capitalisation issue *(Note 14)*	**–**	374,990,000
Effect of shares issued by global offering *(Note 14)*	**–**	17,808,219
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**500,000,000**	392,808,219

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2020 and 2019.

10. TRADE AND OTHER RECEIVABLES

	Note	**2020**	2019
		RM'000	*RM'000*
Trade receivables		**78,305**	92,771
Less: allowance for doubtful debts		**(4,388)**	(1,323)
	(i)	**73,917**	91,448
Deposits, prepayments and other receivables	*(ii)*	**10,787**	13,992
		84,704	105,440

Notes:

(i) All of the trade receivables are expected to be recovered within one year.

(ii) The amount of deposits, prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

Aging analysis of trade receivables

As at the end of each reporting period, the aging analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	2020	2019
	RM'000	*RM'000*
Within 30 days	**8,575**	23,447
31 to 60 days	**510**	22,239
61 to 90 days	**3,170**	4,378
Over 90 days	**61,662**	41,384
	73,917	91,448

Trade receivables are generally due within 14 to 30 days from the date of invoice.

11. DEPOSITS

(a) Deposits paid for acquisition of investment properties

The amount represents the consideration paid for the acquisition of investment properties in Malaysia. As the titles in respect of those investment properties have not been obtained as of 30 June 2020, the payments made were accounted for as deposits paid.

(b) Deposit placed for a life insurance policy

	2020	2019
	RM'000	*RM'000*
At 1 July	**—**	—
Additions	**401**	—
Loss on deposit placed for a life insurance policy	**(114)**	—
At 30 June	**287**	—

During the year ended 30 June 2020, a life insurance policy (the "**Policy**") was taken to insure an executive director of the Company (the "**Insured Person**"). Under the Policy, the beneficiary is a bank (the "**Bank**") and the total insured sum is approximately RM1,610,000. At the inception of the Policy, the Group paid an upfront payment of approximately RM401,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loan of the Group from the Bank and thereafter any excess amount will be payable to the Group. The Policy can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from the date of inception and a cash refund will be based on the cash surrender value of the Policy at the date of withdrawal.

As at 30 June 2020, the directors of the Company expect that the Policy will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy. The directors of the Company consider that the expected life of the Policy will remain unchanged from initial recognition.

In the event of death of the Insured Person, the deposit will be de-recognised and any resulting gains or losses will be recognised in profit or loss.

12. CONSTRUCTION CONTRACTS

(a) Contract assets

The Group's contract assets are analysed as follows:

	2020	2019
	RM'000	*RM'000*
Contract assets		
Arising from performance under construction contracts	**19,414**	46,753
Retention receivables	**22,623**	55,529
	42,037	102,282
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" *(Note 10)*	**73,917**	91,448

As at 30 June 2020, the amounts of approximately RM10,050,000 (2019: RM8,401,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention.

(b) Contract liabilities

	2020	2019
	RM'000	*RM'000*
Contract liabilities		
Construction contracts		
— Billings in advance of performance	**1,282**	89

13. TRADE AND OTHER PAYABLES

	2020	2019
	RM'000	*RM'000*
Trade payables	**91,994**	178,544
Other payables and accruals	**1,196**	3,111
Retention payables	**18,645**	17,973
	111,835	199,628

Note: Except for the amounts of approximately RM10,116,000 (2019: RM7,994,000) included in the retention payables as at 30 June 2020 which are expected to be settled after one year, all of the trade and other payables are expected to be settled within one year or are repayable on demand.

Aging analysis of trade payables

As at the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	2020	2019
	RM'000	*RM'000*
Within 30 days	**17,925**	59,892
31 to 90 days	**1,142**	11,766
Over 90 days	**72,927**	106,886
	91,994	178,544

14. SHARE CAPITAL

Authorised ordinary shares of HK$0.01 each:

	Notes	**No. of shares**	**Amount** *RM'000*
At 1 July 2018		38,000,000	190
Increase in authorised share capital	*(i)*	1,962,000,000	10,345
At 30 June 2019 and 30 June 2020		2,000,000,000	10,535

Issued and fully paid ordinary shares of HK$0.01 each:

	Notes	No. of shares	Amount *RM'000*
At 1 July 2018		10,000	—*
Issue of shares upon Reorganisation	*(ii)*	34,295,000	184
Loan capitalisation	*(iii)*	3,195,000	17
Capitalisation issue	*(iv)*	337,500,000	1,803
Issue of shares upon global offering	*(v)*	125,000,000	668
At 30 June 2019 and 30 June 2020		500,000,000	2,672

* *The balance represents an amount less than RM1,000*

Notes:

(i) Pursuant to the written resolutions of the sole shareholder of the Company passed on 11 April 2019, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 shares of HK$0.01 each.

(ii) On 5 December 2018, through the Reorganisation, the Company issued a total of 31,692,000 shares as consideration for the Group's acquisition of the entire issued capital of JBB Builders (M) Sdn. Bhd. ("**JBB Builders**") and 50% issued capital of Gabungan Jasapadu Sdn. Bhd. respectively.

On 13 December 2018, through the Reorganisation, the Company issued a total of 2,603,000 shares as consideration for the Group's acquisition of the entire issued capital of Pavilion Ingenious Sdn. Bhd..

(iii) On 11 April 2019, pursuant to a loan capitalisation agreement with its shareholder, the Company allotted and issued 3,195,000 shares, credited as fully paid to the then shareholder by way of capitalisation of the loan in the amount of HK$15,000,000 (equivalent to approximately RM7,909,000) owing by the Company to the then shareholder.

(iv) Pursuant to the written resolutions of the sole shareholder of the Company passed on 11 April 2019, a total of 337,500,000 shares of HK$0.01 each were allotted and issued, credited as fully paid at par, to the then shareholders, by way of capitalisation of a sum of HK$3,375,000 (equivalent to approximately RM1,803,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") on 10 May 2019.

(v) On 10 May 2019, 125,000,000 shares of HK$0.01 each of the Company were issued at a price of HK$1.18 per Share by global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK$1,250,000 (equivalent to approximately RM668,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK$146,250,000 (equivalent to approximately RM78,160,000), before issuing expenses, were credited to share premium account of the Company.

(vi) The share capital balances in the consolidated statement of financial position as at 1 July 2018 represented the aggregate share capital attributable to the owners of the companies now comprising the Group after elimination of investments in subsidiaries.

15. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2020	2019
	RM'000	*RM'000*
Equipment	**269**	—

16. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

(i) Since the outbreak of Coronavirus Disease 2019 ("**COVID-19 Outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world and have affected the business and economic activities to some extent.

With the uncertainty on the duration of the COVID-19 Outbreak, the Directors will continue to pay close attention to its development and evaluate the impact on the Group's future financial position and operating results.

(ii) Subsequent to the year ended 30 June 2020, the Group entered into deeds of settlement with 4 subcontractors (collectively called the "**Subcontractors**"), pursuant to which trade payables due to the Subcontractors by the Group with total amount of approximately RM6.8 million are deemed to be settled by the assignment of 10 properties which were acquired by the Group under the deed of settlement dated 19 February 2020. The carrying amount of the deposits paid for the abovementioned properties, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM5.7 million as at 30 June 2020.

(iii) Pursuant to a reorganisation agreement dated 10 September 2020, JBB Holdings (Malaysia) Sdn. Bhd., a newly incorporated indirectly wholly owned subsidiary of the Company, shall issue 1 share to JBB Delima Investment Limited, a wholly owned subsidiary of the Company, as consideration for the transfer of the entire share capital of JBB Builders. Upon completion, JBB Builders remains an indirectly wholly owned subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established engineering contractor based in Malaysia. The business is divided into two major types of services:

— Marine construction services — core business, which can be categorised into:

(a) reclamation and related works, which include land reclamation and other marine civil works. Reclamation may involve soil investigation, hydrographic survey, pre-reclamation design, sand handling/filling, ground treatment, sand surcharge removal work and other related works. Marine civil works generally include construction of jetty, channel-crossing works, maintenance dredging and river diversion; and

(b) marine transportation, which involves transportation of marine sand, the filling material normally used in land reclamation, including the loading of marine sand extracted from the approved sand source onto sand carriers, carriage and delivery of marine sand to designated sites where the marine sand is unloaded to be used for land reclamation.

— Building and infrastructure services — the services include general building works in construction of properties and infrastructure works.

During the year ended 30 June 2020, the Group had completed a total of 7 marine construction contracts, which comprised of 6 reclamation and related works contracts and 1 marine transportation contract with aggregate original contract sum of approximately RM42.6 million, and total of 7 building and infrastructure contracts with aggregate original contract sum of approximately RM132.8 million.

As at 30 June 2020, the Group had 6 ongoing marine construction contracts comprising 2 reclamation and related works contracts, 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with aggregate original contract sum of approximately RM800.8 million (including estimated original contract sum of a contract which stated at unit rate), and 8 ongoing building and infrastructure contracts with aggregate original contract sum of approximately RM400.3 million.

During the year ended 30 June 2020, the Group had submitted 4 quotations for marine construction contracts and 13 tenders and 5 quotations for building and infrastructure contracts with aggregate original contract sum of approximately RM1,278.0 million. Together with 4 tenders and 8 quotations with an expected contract sum of approximately RM692.6 million submitted which had yet to receive results as at 30 June 2019 (including the revised quotation submitted subsequently), the Group had been awarded 8 contracts with aggregate original contract sum of approximately RM375.3 million. As at 30 June 2020, the Group had 9 tenders and 4 quotations with aggregate expected contract sum of approximately RM875.5 million submitted which had yet to receive results.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately RM204.4 million or 62.0% from approximately RM329.9 million for the year ended 30 June 2019 to approximately RM125.5 million for the year ended 30 June 2020. The substantial decline in revenue is mainly attributable to (i) the reduction in volume of work for marine construction services following the completion of certain key contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2019; (ii) the reduction in volume of work for building and infrastructure services since substantial works performed for the ongoing contracts during the year ended 30 June 2019; (iii) the suspension of the Group's ongoing projects and postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Restriction of Movement Order (the "**Order**"); and (iv) further delay in the commencement of certain new contracts secured during the year ended 30 June 2019 as a result of longer time required to obtain government's approval on the commencement of marine construction work by certain customers, change of design layout by the customers, COVID-19 Outbreak and enforcement of the Order.

Marine construction services

Revenue from marine construction services represented approximately 34.1% of the total revenue for the year ended 30 June 2020. It decreased by approximately RM124.8 million or 74.4% from approximately RM167.7 million for the year ended 30 June 2019 to approximately RM42.9 million for the year ended 30 June 2020.

Revenue from reclamation and related works, which represented approximately 25.9% of the total revenue from marine construction services for the year ended 30 June 2020, decreased by approximately RM7.8 million or 41.3% from approximately RM18.9 million for the year ended 30 June 2019 to approximately RM11.1 million for the year ended 30 June 2020. The COVID-19 Outbreak and the enforcement of Order lead to the suspension of ongoing projects and postponement of scheduled construction works. These also lengthen the time for certain of our customers to obtain government's approval to commence our new marine construction contracts and finalise the design layout of the projects. As a result, our revenue from reclamation and related works decreased.

Revenue from marine transportation, which represented approximately 74.1% of the total revenue from marine construction services for the year ended 30 June 2020, decreased by approximately RM117.1 million or 78.7% from approximately RM148.8 million for the year ended 30 June 2019 to approximately RM31.7 million for the year ended 30 June 2020. Such decrease was mainly due to (i) the delay in the commencement of a new contract given that certain customers required longer time to obtain government's approval on the commencement of marine construction work; (ii) postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Order; and (iii) the reduction in volume of sand transported following the completion of certain key contracts.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 65.9% of the total revenue for the year ended 30 June 2020. Revenue from building and infrastructure services decreased by approximately RM79.5 million or 49.0% from approximately RM162.2 million for the year ended 30 June 2019 to approximately RM82.7 million for the year ended 30 June 2020. Such decrease was mainly due to the substantial works performed for the ongoing projects during the year ended 30 June 2019 which contributed to significant revenue for the year ended 30 June 2019. In addition, the delay in the commencement of new contracts and postponement of the scheduled construction works due to the COVID-19 Outbreak and the enforcement of the Order contributed to further reduction of revenue generated for the year ended 30 June 2020.

Gross profit and gross profit margin

As a result of the decrease in revenue for the year ended 30 June 2020, gross profit dropped by approximately RM18.6 million or 48.4% from approximately RM38.4 million for the year ended 30 June 2019 to approximately RM19.8 million for the year ended 30 June 2020.

The overall gross profit margin increased from 11.6% for the year ended 30 June 2019 to 15.8% for the year ended 30 June 2020. The increase was mainly due to higher gross profit margin achieved for certain contracts in respect of marine transportation services and building and infrastructure services, but offsetting by the lower gross profit margin for reclamation and related works.

Other revenue

The other revenue increased from approximately RM1.7 million for the year ended 30 June 2019 to approximately RM2.4 million for the year ended 30 June 2020, which was mainly due to the increase in interest income of approximately RM1.7 million arising from depositing the unutilised portion of the net proceeds of the global offering of the Shares received by the Company from the Listing on 10 May 2019 (the "**Listing Date**") in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2020, but offsetting by the absence of bad debts recovered which was approximately RM0.9 million for the year ended 30 June 2019.

Other net (loss)/income

Other net loss was approximately RM1.3 million for the year ended 30 June 2020 which mainly included the net foreign exchange loss of approximately RM1.0 million, fair value loss on investment properties of approximately RM0.6 million and loss on deposit placed for a life insurance policy of approximately RM0.1 million but netting off the gain on disposal of property, plant and equipment of the Group of approximately RM0.4 million, whereas the Group recorded other net income was approximately RM358,000 for the year ended 30 June 2019, mainly due to the gain on disposal of certain motor vehicles of the Group of approximately RM0.7 million, net foreign exchange gain of approximately RM0.2 million but netting off the fair value loss on investment properties of approximately RM0.6 million.

(Allowance)/reversal for impairment loss on trade receivables and contract assets

Due to the initial application of HKFRS 9, the Group has measured the expected credit losses and recognised approximately RM3.9 million as the additional impairment losses at 1 July 2018. Such amounts were mainly attributable to the past due trade receivables and contract assets following the implementation of expected credit losses under HKFRS 9. As at 30 June 2019, the Group has remeasured the loss allowances and a reversal of impairment loss of approximately RM3.4 million was recognised for the year ended 30 June 2019 due to the reduction of past due trade receivables and contract assets. As at 30 June 2020, past due trade receivables and contract assets increased and additional allowances of approximately RM3.0 million was recognised for the year ended 30 June 2020.

General and administrative expenses

General and administrative expenses decreased by approximately RM1.6 million or 9.5% from approximately RM16.8 million for the year ended 30 June 2019 to approximately RM15.2 million for the year ended 30 June 2020. The decrease is mainly due to no listing expenses incurred after the Listing which was approximately RM5.5 million for the year ended 30 June 2019, but offsetting by the increase in legal and professional fees of approximately RM2.5 million after Listing and increase in staff costs (including Directors' emoluments) of approximately RM1.4 million arising from the revision of Directors' emoluments after Listing in view of the increased responsibilities and contributions for the Directors.

Income tax expenses

Income tax expenses decreased by approximately RM5.5 million or 71.4% from approximately RM7.7 million for the year ended 30 June 2019 to approximately RM2.2 million for the year ended 30 June 2020. The decrease was mainly due to the reduction in profit before tax for the year ended 30 June 2020 as compared with the year ended 30 June 2019.

Finance costs

Finance costs remained relatively stable at approximately RM0.1 million for the year ended 30 June 2020 as compared with approximately RM0.2 million for the year ended 30 June 2019.

Profit for the year attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020, representing a decrease of approximately 88.8% from approximately RM19.6 million for the year ended 30 June 2019.

Final dividends

The Board does not recommend the payment of final dividend for the year ended 30 June 2020 (2019: HK$0.02 per Share).

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and Financial Resources/Capital Structure

The Group finances its working capital requirements through a combination of cash generated from operations, shareholder's equity and banking facilities.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 30 June 2020, the Group had cash and cash equivalents of approximately RM76.0 million (2019: RM114.6 million), fixed deposits with maturity over three months of approximately RM5.0 million (2019: nil) and pledged bank deposits of approximately RM9.2 million (2019: RM5.6 million). The decrement is mainly due to the net operating cash outflows during the year ended 30 June 2020. All are denominated in Hong Kong dollars and RM.

As at 30 June 2020, the Group had lease liabilities of approximately RM1.3 million (2019: RM2.3 million) carrying interest rate ranging from 4.6% to 8.2% (2019: ranging from 4.6% to 6.8%). As at 30 June 2020, the Group had no bank loan while as at 30 June 2019, the Group had bank loan of approximately RM0.5 million carrying interest rate at 5.78%. All are denominated in RM.

The Group continued to maintain a healthy liquidity position. As at 30 June 2020, the current ratio remained stable at approximately 1.9 times (2019: 1.6 times). The gearing ratio decreased from approximately 2.1% as at 30 June 2019 to approximately 1.0% as at 30 June 2020. Gearing ratio is calculated based on the total loans and borrowings (which represent bank loan and lease liabilities) divided by total equity at the end of the year. The decrease of gearing ratio is mainly due to the reduction of total bank loan and lease liabilities from approximately RM2.8 million as at 30 June 2019 to approximately RM1.3 million as at 30 June 2020.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the year ended 30 June 2020.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risk associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends as well as issue of new debt or the redemption of the debt.

There had been no material change in the capital structure of the Group during the year ended 30 June 2020.

Capital commitments

As at 30 June 2020, the Group had capital commitments of approximately RM0.3 million (2019: nil).

Pledge of assets

As at 30 June 2020, pledged bank deposits of approximately RM9.2 million (2019: RM5.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.0 million (2019: RM5.6 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) minimum amount of deposits pledged to a bank for a facility line for performance bond; (ii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iii) interest income of deposits pledged to banks.

Investment properties with carrying amount of approximately RM3.3 million as at 30 June 2019 was pledged to a bank as security for bank facilities granted to the Group. The investment properties are discharged upon the settlement and cancellation of bank facilities during the year ended 30 June 2020.

Contingent liabilities

As at 30 June 2020, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM4.3 million (2019: RM991,000).

The performance bonds were given by banks in favour of some of Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released based on the terms of the respective contracts for the relevant customers. The performance bonds were secured and guaranteed by i) deposits with licensed bank of approximately RM7.0 million; and ii) corporate guarantees given by the Company as at 30 June 2020.

Risk management

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, fixed deposits with maturity over three months, pledged bank deposits and cash at banks. Management had a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group had significant exposure to individual customers. As at 30 June 2020, approximately 55% (2019: 43%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 96% (2019: 98%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Other receivables and deposits

The Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable. The Group believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months expected credit losses. For the years ended 30 June 2020 and 2019, the Group assessed the expected credit losses for other receivables and deposits were insignificant and thus no loss allowance was recognised.

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits

Cash and cash equivalents, fixed deposits with maturity over three months and pledged bank deposits are mainly placed with reputable financial institutions with high credit-ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these financial institutions.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities to interest rate risk is not significant.

The Group's interest rate risk arises primarily from cash at banks and bank loan. Cash at banks and bank loan at variable rates expose the Group to cash flow interest rate risk. The Group does not anticipate any significant impact to cash at banks and bank loan because the interest rates are not expected to change significantly.

Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and to keep the net exposure to an acceptable level. The Group will consider hedging significant foreign currency exposure should the need arise.

For the risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

SIGNIFICANT INVESTMENTS HELD

On 19 February 2020, the Group obtained the beneficial ownership in 40 properties of approximately RM22.1 million in settling the trade receivables of approximately RM22.1 million. For details, please refer to the announcement dated 19 February 2020.

Save as disclosed above, the Group did not hold any significant investments during the year ended 30 June 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and this announcement, the Group did not have other plans for material investments and capital assets as at 30 June 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2020.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 16 to the consolidated financial statements of this announcement, there were no other important events affecting the Group that have occurred since 30 June 2020 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, excluding the Directors, the total number of full-time employees of the Group was approximately 62 (2019: 76). The Group determines the remuneration of its employees with references to market rates and individual's qualifications, experience, skills, performance and contributions. The Group regularly reviews compensation and benefits policies as well as the individual performance of employees and encourages the employees to pursue their professionalism and personal goals. The Company adopted a share option scheme so that the Company may grant options to the eligible persons as incentives or rewards for their contributions to the Group.

In addition, employees are always encouraged to attend job-related seminars, webinars, courses and programs organised by professional or educational institutions, in Malaysia, Hong Kong or other jurisdiction.

PROSPECTS

During the year ended 30 June 2020, the Group has set up two wholly-owned subsidiaries with each in Hong Kong and Singapore respectively which are engaged in the trading business of sand and construction. The Board believes that the expansion of our footprints in other jurisdictions can help strengthen our market position and it will bring about positive impact to the Group's business in the time to come. During the year ended 30 June 2020, the Group has secured a marine transportation contract with a Singapore customer through our new Singapore subsidiary.

Despite the economic challenges brought by the COVID-19 Outbreak, the Group remains financial health and maintained an order book (original contract sum and included estimated original contract sum of a contract which stated at unit rate) of approximately RM1,201.1 million as at 30 June 2020.

Going forward, the Group will continue to leverage the strong financial position of the Group and to explore new business opportunities including projects in public and private sector in Malaysia, Singapore and Hong Kong and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry. The Group will implement the future plans cautiously and safeguard the return to the shareholders.

USE OF PROCEEDS

The net proceeds of the global offering of the Shares received by the Company were approximately HK$125.2 million (approximately RM62.6 million) *(Note 1)*, after deduction of underwriting fees and related listing expenses, of which HK$15.0 million of the total amount of fees and expenses in connection with the global offering of the Shares had been paid from the proceeds of the pre-IPO investments. Set out below is the breakdown of use of net proceeds from the global offering of the Shares from the Listing Date up to 30 June 2020:

Use of net proceeds as at 30 June 2020	**Percentage of net proceeds** *%*	**Amount** *RM million*	**Amount utilised** *RM million*	**Actual balance as at 30 June 2020** *RM million*	**Expected timeline on utilising the remaining proceeds** *(Note 3)*
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	**57.9**	**36.2**	—	**36.2**	By June 2022
Purchasing new land-based machineries	**7.3**	**4.6**	—	**4.6**	By June 2022
Satisfying performance bonds requirement of prospective projects	**23.4**	**14.7**	**(1.6)**	**13.1**	By June 2022
Upgrading the information technology and project management systems	**0.6**	**0.4**	**(0.1)**	**0.3**	By December 2021
Recruiting and expanding management team for the building and infrastructure works	**3.4**	**2.1**	**(0.1)**	**2.0**	By June 2022
Working capital and general corporate purposes	**7.4**	**4.6**	**(4.6)**	—	N/A
	100.0	**62.6**	**(6.4)**	**56.2**	

Such utilisation of the net proceeds was in accordance with the proposed allocations as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As at 30 June 2020, approximately RM56.2 million (representing approximately 89.8% of the net proceeds from the global offering) had not yet been utilised *(Note 2)*.

As at 30 June 2020, the unutilised portion of the net proceeds were deposited in the Group's banks in Hong Kong and Malaysia and is intended to be utilised in the manner consistent with the proposed allocation as set forth in the Prospectus.

Notes:

(1) The net proceeds allocated for each specific use have been adjusted proportionally in the manner as stated in the Prospectus due to the difference between the estimated net proceeds and the actual net proceeds received.

(2) Subsequent to the Listing, there was delay in the commencement of construction contracts due to:

- certain customers required longer time to obtain government's approval on the commencement of marine construction work;
- change of design layout by the customers; and
- the COVID-19 Outbreak and the Order enforced by Malaysia government since 18 March 2020.

(3) The expected timeline on utilising the remaining proceeds is the best estimation of the Directors based on: (i) the latest information provided by the customers on the expected commencement date of the construction contracts previously secured; (ii) ongoing contracts on hand; and (iii) the present business and economic environment including the consequential impact of COVID-19 Outbreak, as of the date of this announcement. In view of the above, the Directors expects the remaining proceeds will be utilised alongside the resumption of the economic activities in general and the time span may spread from the year ending 30 June 2021 to the year ending 30 June 2022 should the situation require.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 12 November 2020 to 17 November 2020, both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 11 November 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2020 and up to the date of this announcement, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix 14 to the Listing Rules ("**CG Code**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the year ended 30 June 2020 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2020.

AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rules 3.21 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code as set out in the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Tai Shin Lam, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan. Mr. Tai Shin Lam is the chairman of the audit committee.

The audit committee of the Company had reviewed the accounting principles and policies adopted by the Group and the financial reporting matters including annual results and the audit of the consolidated financial statements of the Group for the year ended 30 June 2020.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary results announcement have been agreed by the Group's external auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2020.

The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the respective websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.jbb.com.my***). The annual report for the year ended 30 June 2020 containing all the information required by the Listing Rules will be available on the above websites and despatched to shareholders of the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

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

Hong Kong, 22 September 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. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan as independent non-executive Directors.