JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

RESULTS HIGHLIGHTS

	For the six months ended 31 December		
	2021	2020	Increase
	RM'000	*RM'000*	*RM'000*
	(unaudited)	(unaudited)	
Revenue	**253,541**	34,553	218,988
Gross profit/(loss)	**10,574**	(280)	10,854
Gross profit/(loss) margin	**4.2%**	(0.8%)	5.0%
Allowance for impairment loss on trade receivables and contract assets	**4,188**	466	3,722
Profit/(loss) for the period attributable to owners of the Company	**442**	(2,775)	3,217
Basic and diluted earnings/(loss) per Share *(Sen)*	**0.09**	(0.56)	0.65

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of JBB Builders International Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 31 December 2021 together with the comparative figures for the six months ended 31 December 2020. All amounts set out in this announcement are expressed in Ringgit Malaysia ("**RM**") unless otherwise indicated.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

		For the six months ended 31 December	
		2021	2020
	Notes	***RM'000***	*RM'000*
		(unaudited)	(unaudited)
Revenue	*4*	**253,541**	34,553
Direct costs		**(242,967)**	(34,833)
Gross profit/(loss)		**10,574**	(280)
Other revenue	*5*	**514**	622
Other net income	*5*	**198**	2,022
Allowance for impairment loss on trade receivables and contract assets	*6(c)*	**(4,188)**	(466)
General and administrative expenses		**(5,437)**	(5,673)
Profit/(loss) from operations		**1,661**	(3,775)
Share of (loss) of a joint venture		**(46)**	(29)
Finance costs	*6(a)*	**(321)**	(14)
Profit/(loss) before taxation	*6*	**1,294**	(3,818)
Income tax (expenses)/credit	*7*	**(1,480)**	177
(Loss) for the period		**(186)**	(3,641)
Other comprehensive income/(expenses) for the period			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**72**	(4,034)
Total comprehensive (expenses) for the period		**(114)**	(7,675)
Profit/(loss) for the period attributable to:			
Owners of the Company		**442**	(2,775)
Non-controlling interests		**(628)**	(866)
		(186)	(3,641)
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**514**	(6,809)
Non-controlling interests		**(628)**	(866)
		(114)	(7,675)
Earnings/(loss) per share ***(Sen per share)***	*9*		
— Basic		**0.09**	(0.56)
— Diluted		**0.09**	(0.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 *RM'000* (unaudited)	30 June 2021 *RM'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**1,137**	1,400
Investment properties	*10*	**2,200**	2,200
Interest in a joint venture		**365**	410
Deposits paid for acquisition of investment properties	*11*	**17,343**	18,243
Deposits paid for acquisition of property, plant and equipment		**189**	183
Deposits placed for life insurance policies		**1,011**	978
Deferred tax assets		**87**	103
		22,332	23,517
Current assets			
Trade and other receivables	*12*	**117,343**	97,267
Contract assets	*13(a)*	**45,870**	45,479
Tax recoverable		**2,757**	2,251
Financial assets at fair value through profit or loss ("**FVTPL**")	*14*	**—**	1,045
Fixed deposits with maturity over three months		**5,299**	5,203
Pledged bank deposits		**10,072**	9,797
Cash and cash equivalents		**86,743**	85,309
		268,084	246,351
Current liabilities			
Trade and other payables	*15*	**155,390**	135,618
Contract liabilities	*13(b)*	**1,098**	124
Bank loan	*16*	**3,047**	2,675
Lease liabilities		**304**	289
Provision for taxation		**1,589**	383
		161,428	139,089
Net currents assets		**106,656**	107,262
Total assets less current liabilities		**128,988**	130,779
Non-current liabilities			
Bank loan	*16*	**6,371**	7,889
Lease liabilities		**363**	522
		6,734	8,411
Net assets		**122,254**	122,368
Capital and reserves			
Share capital	*17*	**2,672**	2,672
Reserves		**111,889**	111,375
Total equity attributable to equity owners of the Company		**114,561**	114,047
Non-controlling interests		**7,693**	8,321
		122,254	122,368

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 "**Shares**") 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, building and infrastructure services, and trading business of marine gas oil. As at 31 December 2021, 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

The condensed consolidated financial statements for the six months ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021.

The functional currency of the Company is Hong Kong dollars ("**HK$**") and the condensed 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 and Singapore in which the management uses RM to control and monitor the performance and financial position of the Group.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on 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, and financial assets at FVTPL are stated at their fair value.

The deposits placed for life insurance policies are carried at the cash surrender value of the policies.

Other than changes in accounting policies resulting from the application of new and amendments to IFRSs, the accounting policies and methods computation used in the condensed consolidated financial statements for the six months ended 31 December 2021 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2021.

Amendments to IFRSs that are mandatorily effective for the current period

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 July 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the provision of marine construction services, buildings and infrastructure services, and trading business of marine gas oil.

(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 IFRS 15

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Construction contracts		
— Reclamation and related works	**2,546**	1,486
— Building and infrastructure	**4,532**	16,018
	7,078	17,504
Marine transportation	**231,794**	17,049
Marine gas oil	**14,669**	—
	253,541	34,553

Revenue from construction contracts is recognised over time, while revenue from marine transportation and marine gas oil are recognised at a point in time.

(b) Segment reporting

IFRS 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 four 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 work.

Trading business of marine gas oil

— The trading of marine gas oil.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue and other net income, 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 six months ended 31 December 2021

	Marine construction					
	Reclamation and related works *RM'000* (unaudited)	Marine transportation *RM'000* (unaudited)	Building and infrastructure *RM'000* (unaudited)	Marine gas oil *RM'000* (unaudited)	Elimination of inter-segment revenue *RM'000* (unaudited)	Total *RM'000* (unaudited)
Revenue						
Revenue from external customers	**2,546**	**231,794**	**4,532**	**14,669**	—	**253,541**
Inter-segment revenue	**369**	—	—	—	**(369)**	—
Reportable segment revenue	**2,915**	**231,794**	**4,532**	**14,669**	**(369)**	**253,541**
Reportable segment (loss)/profit	**(1,089)**	**9,418**	**(3,432)**	**808**	—	**5,705**
Unallocated central administrative and corporate expenses						**(4,511)**
Unallocated other revenue and other net income						**467**
Finance costs						**(321)**
Share of loss of a joint venture						**(46)**
Profit before taxation						**1,294**
Other segment information						
Depreciation	**115**	**1**	—	—	—	**116**
(Reversal)/allowance for impairment loss on trade receivables and contract assets	**(18)**	**246**	**3,934**	**26**	—	**4,188**
(Gain) on disposal of deposits paid for acquisition of investment properties	—	—	**(236)**	—	—	**(236)**

For the six months ended 31 December 2020

	Marine construction			
	Reclamation and related works RM'000 (unaudited)	Marine transportation RM'000 (unaudited)	Building and infrastructure RM'000 (unaudited)	Total RM'000 (unaudited)
Reportable segment revenue	1,486	17,049	16,018	34,553
Reportable segment (loss)/profit	(1,696)	229	1,245	(222)
Unallocated central administrative and corporate expenses				(5,096)
Unallocated other revenue and other net income				1,543
Finance costs				(14)
Share of loss of a joint venture				(29)
Loss before taxation				(3,818)
Other segment information				
Depreciation	1,320	—	—	1,320
(Reversal)/allowance for impairment loss on trade receivables and contract assets	(9)	309	166	466
(Gain) on disposal of deposits paid for acquisition of investment properties	—	—	(1,095)	(1,095)

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.

	For the six months ended 31 December	
	2021 ***RM'000*** **(unaudited)**	2020 *RM'000* (unaudited)
Malaysia (place of domicile)	**27,837**	20,989
Singapore	**225,704**	13,564
	253,541	34,553

5. OTHER REVENUE AND OTHER NET INCOME

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Other revenue		
Interest income on financial assets measured at amortised cost	**430**	588
Handling service fee on provision of diesel	**9**	6
Others	**75**	28
	514	622
Other net income		
Fair value loss on financial assets at FVTPL	**—**	(16)
Fair value loss on investment properties	**—**	(510)
Gain on deposits placed for life insurance policies	**33**	11
Gain on disposal of deposits paid for acquisition of investment properties	**236**	1,095
Gain on disposal of property, plant and equipment	**11**	—
Loss on disposal of financial assets at FVTPL	**(1)**	—
Net foreign exchange (loss)/gain	**(81)**	1,442
	198	2,022

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Interest on bank loan	**302**	—
Interest on lease liabilities	**19**	14
Total interest expenses on financial liabilities not at fair value through profit or loss	**321**	14

(b) Staff costs (including Directors' emoluments)

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Directors' emoluments	**710**	829
Other staff costs		
Salaries, wages and other benefits	**2,545**	2,675
Contributions to defined contribution retirement plan	**260**	267
	3,515	3,771
Less: Amount included in direct costs	**(284)**	(258)
	3,231	3,513

(c) Other items

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Depreciation charge		
— Owned property, plant and equipment	**151**	1,183
— Right-of-use assets	**146**	342
	297	1,525
Less: Amount included in direct costs	**—**	(1,244)
	297	281
Short-term lease expenses	**319**	214
Less: Amount included in direct costs	**(232)**	(145)
	87	69
Allowance for impairment loss on trade receivables and contract assets	**4,188**	466
Auditors' remuneration	**179**	180
Fair value loss on financial assets at FVTPL	**—**	16
Fair value loss on investment properties	**—**	510
(Gain) on deposits placed for life insurance policies	**(33)**	(11)
(Gain) on disposal of deposits paid for acquisition of investment properties	**(236)**	(1,095)
(Gain) on disposal of property, plant and equipment	**(11)**	—
Loss on disposal of financial assets at FVTPL	**1**	—
Net foreign exchange loss/(gain)	**81**	(1,442)

7. INCOME TAX (EXPENSES)/CREDIT

	For the six months ended 31 December	
	2021	2020
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Current tax		
Malaysia corporate income tax	**4**	5
Singapore corporate income tax	**1,396**	9
Withholding tax on payment made to non-resident in Malaysia	**64**	130
	1,464	144
Deferred tax		
Origination and reversal of temporary differences	**16**	(321)
Income tax expenses/(credit) for the period	**1,480**	(177)

(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 six months ended 31 December 2021 and 2020.

(iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the six months ended 31 December 2021 and 2020.

(iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the six months ended 31 December 2021 and 2020. For the six months ended 31 December 2021 and 2020, 75% of the chargeable income of first Singapore dollars ("**SGD**") 100,000 and 50% of the chargeable income of next SGD100,000 are exempted as the Group's Singapore subsidiary is a newly incorporated company.

(v) Withholding tax on payment made to non-resident in Malaysia is calculated at the statutory rate of 15% of the payment made during the six months ended 31 December 2021 and 2020.

8. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to owners of the Company of approximately RM442,000 (six months ended 31 December 2020: loss attributable to owners of the Company of approximately RM2,775,000) and the weighted average of 500,000,000 ordinary shares (six months ended 31 December 2020: 500,000,000 ordinary shares) in issue during the period ended 31 December 2021.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential shares in existence during the six months ended 31 December 2021 and 2020.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment

During the six months ended 31 December 2021, the Group paid approximately RM34,000 (six months ended 31 December 2020: RM19,000) for the acquisition of property, plant and equipment.

During the six months ended 31 December 2021, the Group disposed of certain property, plant and equipment with no carrying amount for cash proceeds of approximately RM11,000, resulting in a gain on disposal of approximately RM11,000.

During the six months ended 31 December 2020, the Group did not dispose any property, plant and equipment.

Investment properties

The valuation of the Group's investment properties as at 31 December 2021 and 30 June 2021 were carried out by an independent firm, C H Williams Talhar & Wong Sdn. Bhd., who have among their valuers registered with The Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia, with recent experience in the location and category of property being valued. The fair value of investment properties located in Malaysia is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available. All of the fair value measurements of the Group's investment properties were categorised as level 2 of the fair value hierarchy. There were no transfers into or out of level 2 during the six months ended 31 December 2021 (six months ended 31 December 2020: nil). There was no fair value change of investment properties recognised directly in profit or loss for the six months ended 31 December 2021 (six months ended 31 December 2020: fair value loss of investment properties of approximately RM510,000).

As at 31 December 2021, all investment properties have been pledged to a bank as security for a bank facility granted to the Group (30 June 2021: all).

Right-of-use assets

During the six months ended 31 December 2021, the Group did not enter into other new lease agreements for the use of assets for more than 1 year (six months ended 31 December 2020: nil).

11. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES

During the six months ended 31 December 2021, the Group entered into a deed of settlement with a subcontractor ("**Subcontractor A**") and a nominee of the Subcontractor A (the "**Nominee of the Subcontractor A**"), both independent third parties to the Group, pursuant to which trade payables due to the Subcontractor A by the Group with total amount of approximately RM1,102,000 are deemed to be settled by the assignment of a property of approximately RM1,192,000 beneficially owned by the Group under a deed of settlement dated 19 February 2020 to the Nominee of the Subcontractor A with the differences of approximately RM90,000 settled by the Nominee of the Subcontractor A in cash and cash equivalents. A gain on disposal of approximately RM236,000 was recognised and the carrying amount of the deposits paid for the abovementioned property amounted to approximately RM900,000 were derecognised during the six months ended 31 December 2021.

During the six months ended 31 December 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 RM6,845,000 are deemed to be settled by the assignment of 10 properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 and recognised as a gain on disposal of approximately RM1,095,000. The carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM5,750,000 were derecognised as at 31 December 2020.

During the six months ended 31 December 2020, the Group entered into deeds of settlement with a customer (the "**Customer A**"), an independent third party to the Group, pursuant to which trade receivables owing from the Customer A to the Group with total amount of approximately RM3,305,000 are deemed to be received by assignment of 2 properties beneficially owned by the Customer A together with payment of deposits of RM60,000. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 31 December 2020. Accordingly, deposits paid for acquisition of investment properties of approximately RM3,365,000 were recognised.

As at 31 December 2021, the amount represents the consideration paid for the acquisition of 31 investment properties being developed in Malaysia (30 June 2021: 32). As the legal titles in respect of those investment properties had not been vested in the Group as of 31 December 2021, the payments made were accounted as deposits paid.

	For the six months ended 31 December			
	2021		2020	
	No.	***RM'000***	*No.*	*RM'000*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
At 1 July	**32**	**18,243**	40	22,095
Additions	**—**	**—**	2	3,365
Disposal	**(1)**	**(900)**	(10)	(5,750)
At 31 December	**31**	**17,343**	32	19,710

As at 31 December 2021, deposits paid for acquisition of investment properties of approximately RM12,911,000 have been pledged to a bank as security for a bank facility granted to the Group (30 June 2021: RM12,911,000).

12. TRADE AND OTHER RECEIVABLES

	31 December 2021	30 June 2021
	RM'000	*RM'000*
	(unaudited)	(audited)
Trade receivables	**120,969**	99,670
Less: allowance for doubtful debts	**(11,692)**	(7,487)
	109,277	92,183
Deposits, prepayments and other receivables	**8,066**	5,084
	117,343	97,267

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:

	31 December 2021	30 June 2021
	RM'000	*RM'000*
	(unaudited)	(audited)
Within 30 days	**44,896**	37,889
31 to 60 days	**29,159**	1,417
61 to 90 days	**3,870**	1,761
Over 90 days	**31,352**	51,116
	109,277	92,183

Trade receivables are generally due within 14 to 90 days from the date of invoice.

13. CONSTRUCTION CONTRACTS

(a) Contract assets

The Group's contract assets are analysed as follows:

	31 December 2021 *RM'000* **(unaudited)**	30 June 2021 *RM'000* (audited)
Contract assets		
Arising from performance under construction contracts	**24,750**	24,166
Retention receivables	**21,120**	21,313
	45,870	45,479
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 12)*	**109,277**	92,183

As at 31 December 2021, the amounts of approximately RM3,119,000 (30 June 2021: RM6,596,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention receivables.

(b) Contract liabilities

	31 December 2021 *RM'000* **(unaudited)**	30 June 2021 *RM'000* (audited)
Contract liabilities		
Construction contracts		
— Billings in advance of performance	**1,098**	124

14. FINANCIAL ASSETS AT FVTPL

Financial assets at FVTPL represented the Group's investments in an open-end unit trust established in Malaysia. There is no fixed maturity period and the fair value of the investments as at 30 June 2021 was determined with reference to the quoted bid prices in active markets at the end of the reporting period. The fair value measurements of financial assets at FVTPL are categorised as level 1 of the fair value hierarchy.

During the six months ended 31 December 2021, the Group disposed financial assets at FVPTL with an aggregate carrying amount of approximately RM1,045,000 for cash proceeds of approximately RM1,044,000, resulting in a loss on disposal of approximately RM1,000.

Changes in fair value of financial assets at FVTPL are recognised in other net income in the condensed consolidated statement of profit or loss and other comprehensive income.

15. TRADE AND OTHER PAYABLES

	Notes	31 December 2021 RM'000 (unaudited)	30 June 2021 RM'000 (audited)
Trade payables		**139,297**	118,204
Other payables and accruals	*(i)*	**777**	1,030
Retention payables	*(ii)*	**15,316**	16,384
		155,390	135,618

Notes:

(i) The amount of other payables and accruals included amount due to a joint venture of approximately RM11,000 (31 December 2021: nil) which was unsecured, non-trade and repayable on demand as at 30 June 2021.

(ii) Except for the amounts of approximately RM3,232,000 (30 June 2021: RM5,559,000) included in the retention payables as at 31 December 2021 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:

	31 December 2021 RM'000 (unaudited)	30 June 2021 RM'000 (audited)
Within 30 days	**61,340**	60,869
31 to 90 days	**41,940**	3,715
Over 90 days	**36,017**	53,620
	139,297	118,204

16. BANK LOAN

	31 December 2021 RM'000 (unaudited)	30 June 2021 RM'000 (audited)
Bank loan, secured	**9,418**	10,564

The bank loan was repayable as follows:

	31 December 2021 *RM'000* **(unaudited)**	30 June 2021 *RM'000* (audited)
Within 1 year or on demand	**3,047**	2,675
Within a period of more than 1 year but not exceeding 2 years	**3,183**	3,090
Within a period of more than 2 years but not exceeding 5 years	**3,188**	4,799
	9,418	10,564
Less: Amounts due within 1 year shown under current liabilities	**(3,047)**	(2,675)
Amounts shown under non-current liabilities	**6,371**	7,889

The Group's banking facilities were secured and guaranteed by:

(i) investment properties of approximately RM2,200,000 (30 June 2021: RM2,200,000) as at 31 December 2021;

(ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2021: RM12,911,000) as at 31 December 2021; and

(iii) deposits with licensed banks of the Group with carrying amounts of approximately RM10,072,000 (30 June 2021: RM9,797,000) as at 31 December 2021.

17. SHARE CAPITAL

Authorised ordinary shares of HK$0.01 each:

	No. of shares	**Amount** *RM'000*
At 1 July 2020 (unaudited), 30 June 2021 (audited) and 31 December 2021 (unaudited)	2,000,000,000	10,535

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

	No. of shares	**Amount** *RM'000*
At 1 July 2020 (unaudited), 30 June 2021 (audited) and 31 December 2021 (unaudited)	500,000,000	2,672

18. CAPITAL COMMITMENTS

Significant capital expenditures contracted for at the end of each reporting period but not recognised as liabilities are as follows:

	31 December 2021	30 June 2021
	RM'000	*RM'000*
	(unaudited)	(audited)
Equipment	**193**	187

19. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

(i) Subsequent to the six months ended 31 December 2021, the Group entered into a deed of settlement with a subcontractor (the "**Subcontractor B**"), an independent third party to the Group, pursuant to which trade payables due to the Subcontractor B by the Group with total amount of approximately RM3,365,000 are deemed to be settled by the assignment of 2 properties to the Subcontractor B in which the properties were acquired by the Group under the deeds of settlement during the six months ended 31 December 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 RM2,100,000 as at 31 December 2021.

(ii) Subsequent to the six months ended 31 December 2021, the Group entered into a deed of settlement with Customer A, and a developer (the "**Developer**"), a related party of Customer A and an independent third party to the Group, pursuant to which contract assets owing from Customer A to the Group with total amount of approximately RM2,059,000 are deemed to be settled by the assignment of 8 properties of approximately RM2,059,000 owned by the Developer to the Group. Accordingly, contract assets of approximately RM2,059,000 were derecognised and deposits paid for acquisition of investment properties were recognised as non-current assets until the title of the properties were transferred.

(iii) Subsequent to the six months ended 31 December 2021, the Group entered into a deed of settlement with a subcontractor (the "**Subcontractor C**") and a nominee of the Subcontractor C, (the "**Nominee of the Subcontractor C**") in which Subcontractor C and nominee of the Subcontractor C are independent third parties to the Group, pursuant to which trade payables due to the Subcontractor C by the Group with total amount of approximately RM507,000 are deemed to be settled by the assignment of a property to the Nominee of the Subcontractor C in which the property was acquired by the Group under a deed of settlement during the year ended 30 June 2020. The carrying amount of the deposits paid for the abovementioned property, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM426,000 as at 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established engineering contractor which engaged in three 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.

— Trading business of marine gas oil — the trading of marine gas oil.

During the six months ended 31 December 2021, the Group had completed a marine construction contract, which is a marine transportation contract with original contract sum of approximately RM27.7 million, and a total of 2 building and infrastructure contracts with original contract sum in aggregate of approximately RM0.1 million.

As at 31 December 2021, the Group had 7 ongoing marine construction contracts comprising 2 reclamation and related works contracts, 4 marine transportation contracts and 1 reclamation and related works and marine transportation contract with original contract sum in aggregate of approximately RM777.3 million (including estimated original contract sum of a contract which stated at unit rate), and 4 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM263.3 million. Moreover, the Group also entered into trading business of marine gas oil with several customers in Malaysia and Singapore who are our existing subcontractors.

As at 30 June 2021, there were a total of 6 tenders and 4 quotations with expected contract sum in aggregate of approximately RM723.2 million submitted but not yet have results (including the revised quotation submitted subsequently). During the six months ended 31 December 2021, the Group had submitted 1 tender and 9 quotations for marine construction contracts and 1 tender and 4 quotations for building and infrastructure contracts with original contract sum in aggregate of approximately RM427.8 million, and the Group had been awarded 7 contracts with original contract sum in aggregate of approximately RM58.2 million. As at 31 December 2021, there were 3 tenders and 3 quotations with expected contract sum in aggregate of approximately RM216.3 million submitted but still no results returned.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately RM218.9 million or 632.7% from approximately RM34.6 million for the six months ended 31 December 2020 to approximately RM253.5 million for the six months ended 31 December 2021. The substantial increase in revenue is mainly attributable to (i) the increase of volume of sand transported generated from a Singapore contract secured in June 2020 and new contracts awarded during the six months ended 31 December 2021; and (ii) the commencement of trading business of marine gas oil during the six months ended 31 December 2021, while partially offsetting by (i) the reduction in volume of work for marine construction services and building and infrastructure services following the completion of certain contracts which contributed to a substantial portion of the revenue for the six months ended 31 December 2020; and (ii) the postponement of the scheduled construction works due to the long-lasting outbreak of COVID-19 pandemic (the "**COVID-19 Outbreak**") and the enforcement of the conditional Restriction of Movement Order (the "**Order**") by the government of Malaysia (please refer to announcements dated 22 May 2020 and 22 July 2021 for details).

Marine construction services

Revenue from marine construction services represented approximately 92.4% of the total revenue for the six months ended 31 December 2021. It increased by approximately RM215.8 million or 1,166.5% from approximately RM18.5 million for the six months ended 31 December 2020 to approximately RM234.3 million for the six months ended 31 December 2021.

Revenue from reclamation and related works, which represented approximately 1.1% of the total revenue from marine construction services for the six months ended 31 December 2021, increased by approximately RM1.0 million or 66.7% from approximately RM1.5 million for the six months ended 31 December 2020 to approximately RM2.5 million for the six months ended 31 December 2021. Such increase was mainly due to the increase of volume of work performed for the new contracts awarded during the six months ended 31 December 2021, while partially offsetting by the reduction in volume of work following the completion of certain contracts which contributed to a substantial portion of the revenue for the six months ended 31 December 2020.

Revenue from marine transportation, which represented approximately 98.9% of the total revenue from marine construction services for the six months ended 31 December 2021, increased by approximately RM214.8 million or 1,263.5% from approximately RM17.0 million for the six months ended 31 December 2020 to approximately RM231.8 million for the six months ended 31 December 2021. Such increase was mainly due to the increase of volume of sand transported generated from a Singapore contract, a contract newly awarded and additional variation order received from customer for existing contract.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 1.8% of the total revenue for the six months ended 31 December 2021. Revenue from building and infrastructure services decreased by approximately RM11.5 million or 71.9% from approximately RM16.0 million for the six months ended 31 December 2020 to approximately RM4.5 million for the six months ended 31 December 2021. Such decrease was mainly due to the completion of certain contracts which contributed to a substantial portion of the revenue for the six months ended 31 December 2020, leaving only few building and infrastructure services contracts generating revenue while in slow progress with scheduled construction works postponed due to the COVID-19 Outbreak during the six months ended 31 December 2021.

Trading business of marine gas oil

The Group commenced the trading business of marine gas oil since October 2021 and believes that this trading business of marine gas oil can help expand business opportunities along the marine transportation value chain and improve the profit of the Group. The Group generated revenue of approximately RM14.7 million from this trading business of marine gas oil, and represented approximately 5.8% of the total revenue for six months ended 31 December 2021.

Gross profit/(loss) and gross profit/(loss) margin

Gross profit of approximately RM10.6 million was recorded for the six months ended 31 December 2021 as compared with gross loss of approximately RM0.3 million for the six months ended 31 December 2020. The overall gross profit margin for the six months ended 31 December 2021 was approximately 4.2% as compared with gross loss margin of approximately 0.8% for the six months ended 31 December 2020.

The improvement of gross profit is mainly due to the increase in revenue as abovementioned while netting off the impact of increase in subcontracting costs and continuously incurred fixed direct cost. However, the gross profit margin remains low since the revenue is mainly generated from a Singapore contract which was entered with a lower contract value as a result of increased competition in the market compared with those contracts completed in earliest years, low gross profit margin for trading business of marine gas oil, increase in subcontracting costs and fixed direct cost was continuously incurred under the segment of reclamation and related works.

Other revenue

The other revenue decreased from approximately RM0.6 million for the six months ended 31 December 2020 to approximately RM0.5 million for the six months ended 31 December 2021, which was mainly due to the decrease in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia during the six months ended 31 December 2021 as a result of the decrease in bank interest rates.

Other net income

Other net income was approximately RM0.2 million for the six months ended 31 December 2021. It mainly included the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM0.2 million arising from the assignment of an investment property beneficially owned by the Group under a deed of settlement.

Other net income was approximately RM2.0 million for the six months ended 31 December 2020, which mainly included (i) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM1.1 million arising from the assignment of 10 investment properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 to certain subcontractors; (ii) recognition of the foreign exchange gain of approximately RM1.4 million arising from the translation of foreign currency denominated balances into Malaysia Ringgit; and (iii) fair value loss on investment properties of approximately RM0.5 million.

Allowance for impairment loss on trade receivables and contract assets

As at 31 December 2021, there were trade receivables of approximately RM32.4 million which were overdue more than 1 year. Based on the discussion with the customers, the collection of the majority of such receivables would be further delayed. As a result, increase in loss allowances for expected credit losses on trade receivables and contract assets resulting from such long outstanding aging of receivables from the customers have to be recognised for the six months ended 31 December 2021. Together with increased expected loss rate applied based on historical credit loss experience, adjusting factors that are specific to the debtors and assessment of both current and forecast general economic conditions, impairment loss of approximately RM4.2 million was recognised for the six months ended 31 December 2021 while impairment loss of approximately RM0.5 million was recognised for the six months ended 31 December 2020. Nonetheless, the Group acts at the best interests of the Company and the shareholders of the Company as a whole and keeps on negotiating with the respective customers on methods to recover the debts, with the consideration of, including but not limited to, instalment settlement arrangements, settlements through assignment of land and properties of the customers and legal proceedings.

General and administrative expenses

General and administrative expenses decreased by approximately RM0.3 million or 5.3% from approximately RM5.7 million for the six months ended 31 December 2020 to approximately RM5.4 million for the six months ended 31 December 2021. Such decrease was mainly due to the decrement of staff costs arising from the reduced number of employees, decrement of legal and professional fees incurred and reduced operating costs incurred under tighten cost control procedures adopted by the Group.

Income tax (expenses)/credit

Income tax credit of approximately RM0.2 million was recorded for the six months ended 31 December 2020 as compared with income tax expenses of approximately RM1.5 million for the six months ended 31 December 2021. Such change was attributable to the tax provision provided for profit making Singapore subsidiary while tax loss was not recognised for loss making subsidiaries for the six months ended 31 December 2021.

Finance costs

Finance costs increased from approximately RM14,000 for the six months ended 31 December 2020 to approximately RM321,000 for the six months ended 31 December 2021 due to the interest expenses incurred from the term loan obtained during the year ended 30 June 2021.

Profit/(loss) for the period attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM0.4 million for the six months ended 31 December 2021 while recorded loss attributable to owners of the Company of approximately RM2.8 million for the six months ended 31 December 2020.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

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 31 December 2021, the Group had cash and cash equivalents of approximately RM86.7 million (30 June 2021: RM85.3 million), fixed deposits with maturity over three months of approximately RM5.3 million (30 June 2021: RM5.2 million) and pledged bank deposits of approximately RM10.1 million (30 June 2021: RM9.8 million). The increment is mainly due to the net operating and investing activities cash inflows, net financing activities outflows and effect of foreign exchange rate changes during the six months ended 31 December 2021. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and RM.

As at 31 December 2021, the Group had lease liabilities of approximately RM0.7 million (30 June 2021: RM0.8 million) carrying interest rate ranging from 3.1% to 8.2% (30 June 2021: ranging from 3.1% to 8.2%). All are denominated in RM. The Group had unutilised banking facilities of approximately RM56.4 million (30 June 2021: RM56.4 million).

The Group continued to maintain a healthy liquidity position. As at 31 December 2021, the current ratio remained stable at approximately 1.7 times (30 June 2021: 1.8 times). The gearing ratio decreased from approximately 9.3% as at 30 June 2021 to approximately 8.2% as at 31 December 2021 which was mainly due to the decrease in lease liabilities and total equity of the Group. 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 period/year.

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 six months ended 31 December 2021.

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 six months ended 31 December 2021.

Capital commitments

As at 31 December 2021, the Group had capital commitments of approximately RM0.2 million (30 June 2021: RM0.2 million).

Pledge of assets

As at 31 December 2021, pledged bank deposits of approximately RM10.1 million (30 June 2021: RM9.8 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.2 million (30 June 2021: RM7.2 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 bank.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (30 June 2021: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (30 June 2021: RM2.2 million) as at 31 December 2021 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 31 December 2021, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM6.7 million (30 June 2021: RM4.3 million).

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 RM7.2 million; and ii) corporate guarantees given by the Company as at 31 December 2021.

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 31 December 2021, approximately 39% (30 June 2021: 48%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 91% (30 June 2021: 95%) 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. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

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.

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 other receivables and deposits since initial recognition and the Group provided impairment based on 12 months expected credit losses. For the six months ended 31 December 2021 and 2020, 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 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 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 faced by the Group, please refer to the section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" in the 2021 annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement, the Group did not hold any significant investments during the six months ended 31 December 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**") and this announcement, the Group did not have other plans for material investments and capital assets as at 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 19 to the condensed consolidated financial statements of this announcement, there were no other important events affecting the Group that have occurred since 31 December 2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, excluding the Directors, the total number of full-time employees of the Group was approximately 55 (30 June 2021: 51).

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 Board determined the remuneration of the Directors based on recommendation from the remuneration committee of the Company, taking into consideration a number of relevant factors such as salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions elsewhere in the Group, market practices, financial and non-financial performance, and desirability of performance-based remuneration. No equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive directors to ensure they are demonstrating objective judgement throughout their tenure as equity-based remuneration with performance-related elements granted to independent non-executive directors may lead to bias in their decision-making and compromise their objectivity and independence.

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, Singapore, Hong Kong or other jurisdiction.

PROSPECTS

The COVID-19 Outbreak has affected the global economy and poses uncertainty on the future markets. The government of the operating jurisdictions has continuously imposing different measures, policies, requirements and restrictions from time to time to reduce the impact of the spread of COVID-19 Outbreak. These caused suspension of the Group's ongoing contracts and disruptions on the scheduled construction works, and delayed the commencement of the construction contracts secured previously in order to comply with the relevant requirements and other policies imposed by the government as a result of the COVID-19 Outbreak. With the effective control of the COVID-19 Outbreak and recovery measures implemented by the government of the operating jurisdictions, the Group believes the economy will be improved progressively while remains conservative over the Group's business and financial performance in the near future as the industry remains competitive.

Despite the challenges ahead, the Group is closely monitoring the market development and keeping communication with our potential customers to stay abreast of different business opportunities of the operating countries and optimising our business models and portfolios to solidify our market competitiveness to grow. During the six months ended 31 December 2021, the Group has commenced the trading business of marine gas oil which is one of the essential consumable items for the vessels to perform the marine transportation business and expects this trading business of marine gas oil can help expand the business opportunity along the marine transportation value chain. In addition, the Group expects the market on reclamation is resuming and the volume of sand required to be transported in Malaysia and Singapore will be increased. The Group therefore believes that marine transportation contracts would be the key revenue driver to the Group in the near future.

The Group will (i) continuously comply with the relevant requirements and other policies issued by the government of the operating jurisdictions; (ii) closely monitor the development of the COVID-19 Outbreak and uncertainties faced by the Group; (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance; (iv) adopt tighten cost control measures; (v) actively participate in tendering to maintain our market competitiveness; and (vi) taking appropriate measures as and when appropriate. Taking into account of the cash and cash equivalents on hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy.

Going forward, the Group will continue to leverage the advantageous financial position of the Group, extensive network from our management, strong quality management system with accreditation of ISO 9001:2015 certification and resources available. At the same time we will strengthen our presence and market position in marine construction and building and infrastructure services industry, implement the future plans cautiously and safeguard the return to the shareholders of the Company.

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 31 December 2021:

Use of net proceeds as at 31 December 2021	Percentage of net proceeds *%*	Amount *RM million*	Amount utilised *RM million*	Actual balance as at 31 December 2021 *RM million*	Expected timeline on utilising the remaining proceeds *(Note 2)*
Acquiring one rebuilt sand carrier from one of the existing subcontractors for marine transportation services	**57.9**	**36.2**	**—**	**36.2**	**By June 2024**
Purchasing new land-based machineries	**7.3**	**4.6**	**—**	**4.6**	**By June 2024**
Satisfying performance bonds requirement of prospective projects	**23.4**	**14.7**	**(1.6)**	**13.1**	**By June 2024**
Upgrading the information technology and project management systems	**0.6**	**0.4**	**(0.2)**	**0.2**	**By June 2023**
Recruiting and expanding management team for the building and infrastructure works	**3.4**	**2.1**	**(0.3)**	**1.8**	**By June 2024**
Working capital and general corporate purposes	**7.4**	**4.6**	**(4.6)**	**—**	**N/A**
	100.0	**62.6**	**(6.7)**	**55.9**	

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 31 December 2021, approximately RM55.9 million (representing approximately 89.3% of the net proceeds from the global offering) had not yet been utilised. 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.

Due to the unstable economic environment, uncertainty of the future markets and the long-lasting COVID-19 Outbreak, there was delay in the commencement of construction contracts and several contracts expected to be awarded are being cancelled by the potential customers. As such, there is a delay on the timing of utilising the remaining net proceeds from the global offering. Considering the uncertainties of the current market and the majority of remaining proceeds are for capital expenditure purpose for expansion, the Group shall only utilise the remaining proceeds in a conservative manner and in the best interests of the Company and shareholders of the Company as a whole and reduce the unnecessary cost incurred along with the expansion plan.

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) 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 by the year ending 30 June 2024 should the market and economic situation require.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2021 and up to the date of this announcement, the Board is of the 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 six months ended 31 December 2021 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 six months ended 31 December 2021.

AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rule 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 Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan. Mr. Tai Lam Shin 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 interim results and the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2021.

PUBLICATION OF INTERIM 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 interim report for the six months ended 31 December 2021 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, 25 February 2022

As at the date of this announcement, the Board comprises Dato' Ng Say Piyu, Mr. Lam Fung Eng and Mr. Ng Chong Boon, as executive Directors, Datin Ngooi Leng Swee as non-executive Director, Mr. Tai Lam Shin, Mr. Chan Tsun Choi, Arnold and Ms. Chan Pui Kwan as independent non-executive Directors.