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 2022

RESULTS HIGHLIGHTS

	For the six months ended 31 December		
	2022	2021	(Decrease)/ increase
	RM'000	*RM'000*	*RM'000*
	(unaudited)	(unaudited)	
Revenue	**118,872**	253,541	(134,669)
Gross profit	**9,003**	10,574	(1,571)
Gross profit margin	**7.6%**	4.2%	3.4%
Reversal/(allowance) for impairment loss on trade receivables and contract assets	**3,252**	(4,188)	7,440
Profit for the period attributable to owners of the Company	**3,491**	442	3,049
Basic and diluted earnings per Share *(Sen)*	**0.70**	0.09	0.61

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 2022 together with the comparative figures for the six months ended 31 December 2021. 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 2022

		For the six months ended 31 December	
	Notes	**2022** ***RM'000*** **(unaudited)**	2021 *RM'000* (unaudited)
Revenue	*4*	**118,872**	253,541
Direct costs		**(109,869)**	(242,967)
Gross profit		**9,003**	10,574
Other revenue	*5*	**1,373**	514
Other net (loss)/income	*5*	**(281)**	198
Reversal/(allowance) for impairment loss on trade receivables and contract assets	*6(c)*	**3,252**	(4,188)
General and administrative expenses		**(7,894)**	(5,437)
Profit from operations		**5,453**	1,661
Share of loss of a joint venture		**(88)**	(46)
Finance costs	*6(a)*	**(634)**	(321)
Profit before taxation	*6*	**4,731**	1,294
Income tax expenses	*7*	**(1,109)**	(1,480)
Profit/(loss) for the period		**3,622**	(186)
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**1,079**	72
Total comprehensive income/(expenses) for the period		**4,701**	(114)
Profit/(loss) for the period attributable to:			
Owners of the Company		**3,491**	442
Non-controlling interests		**131**	(628)
		3,622	(186)
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**4,570**	514
Non-controlling interests		**131**	(628)
		4,701	(114)
Earnings per share ***(Sen per share)***	*9*		
– Basic		**0.70**	0.09
– Diluted		**0.70**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 RM'000 (unaudited)	30 June 2022 RM'000 (audited)
Non-current assets			
Property, plant and equipment	*10*	**901**	942
Investment properties	*10*	**2,200**	2,200
Interest in a joint venture		**269**	357
Deposits paid for acquisition of investment properties	*11*	**56,423**	16,829
Deposits paid for acquisition of property, plant and equipment		**38**	189
Deposits placed for life insurance policies		**1,005**	1,005
Deferred tax assets		**41**	373
		60,877	21,895
Current assets			
Trade and other receivables	*12*	**40,341**	139,959
Contract assets	*13(a)*	**13,234**	26,765
Tax recoverable		**3,135**	2,396
Fixed deposits with maturity over three months		**5,424**	5,299
Pledged bank deposits		**12,814**	12,561
Cash and cash equivalents		**84,482**	85,919
		159,430	272,899
Current liabilities			
Trade and other payables	*14*	**59,723**	137,165
Contract liabilities	*13(b)*	**29**	1,872
Bank loans	*15*	**3,766**	3,333
Lease liabilities		**221**	281
Provision for taxation		**1,632**	2,324
		65,371	144,975
Net currents assets		**94,059**	127,924
Total assets less current liabilities		**154,936**	149,819
Non-current liabilities			
Bank loans	*15*	**12,332**	10,316
Lease liabilities		**143**	243
Deferred tax liabilities		**–***	–*
		12,475	10,559
Net assets		**142,461**	139,260
Capital and reserves			
Share capital	*16*	**2,672**	2,672
Reserves		**131,869**	127,299
Total equity attributable to equity owners of the Company		**134,541**	129,971
Non-controlling interests		**7,920**	9,289
		142,461	139,260

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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 2022, the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a confirmatory deed on 16 May 2018.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 31 December 2022 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 2022.

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, 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 2022 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2022.

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 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract

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, building 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	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Construction contracts		
– Reclamation and related works	**7,658**	2,546
– Building and infrastructure	**10,941**	4,532
	18,599	7,078
Marine transportation	**89,614**	231,794
Marine gas oil	**10,659**	14,669
	118,872	253,541

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 (loss)/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 2022

	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	**7,658**	**89,614**	**10,941**	**10,659**	**–**	**118,872**
Inter-segment revenue	**1,018**	**–**	**–**	**–**	**(1,018)**	**–**
Reportable segment revenue	**8,676**	**89,614**	**10,941**	**10,659**	**(1,018)**	**118,872**
Reportable segment profit	**1,945**	**3,123**	**5,788**	**643**	**–**	**11,499**
Unallocated central administrative and corporate expenses						**(6,663)**
Unallocated other revenue and other net (loss)						**617**
Finance costs						**(634)**
Share of loss of a joint venture						**(88)**
Profit before taxation						**4,731**
Other segment information						
Depreciation	**122**	**1**	**–**	**–**	**–**	**123**
Reversal of allowance for impairment loss on trade receivables and contract assets	**(114)**	**(191)**	**(2,873)**	**(74)**	**–**	**(3,252)**
Impairment loss on deposits paid for acquisition of investment properties	**–**	**–**	**33**	**–**	**–**	**33**

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)

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	
	2022 ***RM'000*** **(unaudited)**	2021 *RM'000* (unaudited)
Malaysia (place of domicile)	**24,653**	27,837
Singapore	**94,219**	225,704
	118,872	253,541

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

	For the six months ended 31 December	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Other revenue		
Interest income on financial assets measured at amortised cost	**852**	430
Imputed interest income on contract assets	**498**	–
Handling service fee on provision of diesel	**4**	9
Others	**19**	75
	1,373	514
Other net (loss)/income		
Impairment loss on deposits paid for acquisition of investment properties	**(33)**	–
Gain on deposits placed for life insurance policies	**–**	33
Gain on disposal of deposits paid for acquisition of investment properties	**–**	236
Gain on disposal of property, plant and equipment	**4**	11
Loss on disposal of financial assets at fair value through profit or loss ("**FVTPL**")	**–**	(1)
Net foreign exchange loss	**(252)**	(81)
	(281)	198

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	For the six months ended 31 December	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Imputed interest on contract assets	**62**	–
Interest on bank loans	**560**	302
Interest on lease liabilities	**12**	19
Total interest expenses on financial liabilities not at fair value through profit or loss	**634**	321

(b) Staff costs (including Directors' emoluments)

	For the six months ended 31 December	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Directors' emoluments	**727**	710
Other staff costs		
Salaries, wages and other benefits	**3,634**	2,562
Contributions to defined contribution retirement plan	**342**	243
	4,703	3,515
Less: Amount included in direct costs	**(430)**	(284)
	4,273	3,231

(c) Other items

	For the six months ended 31 December	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Depreciation charge		
– Owned property, plant and equipment	**203**	151
– Right-of-use assets	**54**	146
	257	297
Less: Amount included in direct costs	**(1)**	–
	256	297
Short-term lease expenses	**224**	319
Less: Amount included in direct costs	**(123)**	(232)
	101	87
(Reversal)/allowance for impairment loss on trade receivables and contract assets	**(3,252)**	4,188
Auditors' remuneration	**187**	179
Impairment loss on deposits paid for acquisition of investment properties	**33**	–
(Gain) on deposits placed for life insurance policies	**–**	(33)
(Gain) on disposal of deposits paid for acquisition of investment properties	**–**	(236)
(Gain) on disposal of property, plant and equipment	**(4)**	(11)
Loss on disposal of financial assets at FVTPL	**–**	1
Net foreign exchange loss	**252**	81

7. INCOME TAX EXPENSES

	For the six months ended 31 December	
	2022	2021
	RM'000	*RM'000*
	(unaudited)	(unaudited)
Current tax		
Malaysia corporate income tax	**235**	4
Singapore corporate income tax	**427**	1,396
Withholding tax on payment made to non-resident in Malaysia	**115**	64
	777	1,464
Deferred tax		
Origination and reversal of temporary differences	**332**	16
Income tax expenses for the period	**1,109**	1,480

(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 2022 and 2021.

(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 2022 and 2021.

(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 2022 and 2021. 75% of the chargeable income of first Singapore dollars ("**SGD**") 10,000 and 50% of the chargeable income of next SGD190,000 are exempted under Inland Revenue Authority of Singapore's partial tax exemption scheme.

(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 2022 and 2021.

8. DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

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 RM3,491,000 (six months ended 31 December 2021: RM442,000) and the weighted average of 500,000,000 ordinary shares (six months ended 31 December 2021: 500,000,000 ordinary shares) in issue during the six months ended 31 December 2022.

(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 shares in existence during the six months ended 31 December 2022 and 2021.

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

Property, plant and equipment

During the six months ended 31 December 2022, the Group paid approximately RM19,000 (six months ended 31 December 2021: RM34,000) for the acquisition of property, plant and equipment and transferred certain property, plant and equipment of approximately RM195,000 (six months ended 31 December 2021: nil) from deposits paid for acquisition of property, plant and equipment.

During the six months ended 31 December 2022, the Group disposed of certain property, plant and equipment with no (six months ended 31 December 2021: nil) carrying amount for cash proceeds of approximately RM4,000 (six months ended 31 December 2021: RM11,000), resulting in a gain on disposal of approximately RM4,000 (six months ended 31 December 2021: RM11,000).

Investment properties

The valuation of the Group's investment properties as at 31 December 2022 and 30 June 2022 were carried out by an independent firm, CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as 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 properties 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, adjusted to reflect the locations and conditions of the subject properties, 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 was no transfer into or out of level 2 during the six months ended 31 December 2022 (six months ended 31 December 2021: nil). There was no fair value change of investment properties recognised directly in profit or loss for the six months ended 31 December 2022 (six months ended 31 December 2021: nil).

As at 31 December 2022, all investment properties have been pledged to a bank as security for a bank facility granted to the Group (30 June 2022: all).

Right-of-use assets

During the six months ended 31 December 2022, 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 2021: nil).

11. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES

(i) During the six months ended 31 December 2022, upon the completion of major transaction pursuant to the master supplemental agreement entered into with a customer ("**Customer A**") and a related party of Customer A ("**Party B**"), both independent third parties to the Group, in relation to the settlement transactions (reference is made to the announcements of the Company dated 22 June 2022, 15 July 2022, 30 August 2022, 5 October 2022 and 12 October 2022, and the circular of the Company dated 19 July 2022 ("**Publications in relation to Major Transaction**")), trade receivables of approximately RM41,620,000 are deemed to be settled by the assignment of 19 properties to the Group and 1 property to a Group's nominee ("**Subcontractor A**") with the properties located in the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia of approximately RM41,620,000 in aggregate owned by Party B.

In relation to the assignment of 1 property to Subcontractor A as abovementioned, the Group entered into a deed of settlement with Subcontractor A, pursuant to which trade payables due to Subcontractor A by the Group with a total amount of approximately RM1,993,000 are deemed to be settled by the assignment of such property of approximately RM1,993,000 from Party B to Subcontractor A.

Given that it is arranging the transfer of the legal titles of the said properties, the legal titles of the properties had not been transferred to the Group as at 31 December 2022. Accordingly, trade receivables of approximately RM41,620,000 and trade payables of approximately RM1,993,000 were derecognised, and deposits paid for acquisition of investment properties of approximately RM39,627,000 were recognised as non-current assets until the title of the properties are transferred.

(ii) During the six months ended 31 December 2021, the Group entered into a deed of settlement with a subcontractor ("**Subcontractor B**"), an independent third party to the Group, pursuant to which trade payables due to Subcontractor B by the Group with total amount of approximately RM1,102,000 are deemed to be settled by the assignment of a property located in the area of Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia of approximately RM1,192,000 beneficially owned by the Group to a nominee of the Subcontractor B (the "**Nominee of the Subcontractor B**") with the differences of approximately RM90,000 settled by the Nominee of the Subcontractor B 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 2022, the recoverable amount of deposits paid for acquisition of investment properties are less than its carrying amount. Accordingly, impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000 (six months ended 31 December 2021: nil) were recognised. The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 31 December 2022 and 30 June 2022 were carried out by independent firms, 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 properties being valued. The recoverable amount of deposits paid for acquisition 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, adjusted to reflect the locations and conditions of the subject properties, using market data which is publicly available.

As at 31 December 2022, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 55 (30 June 2022: 36) investment properties in Malaysia. As the legal titles in respect of those investment properties had not been vested in the Group as of 31 December 2022 and 30 June 2022, the payments made were accounted as deposits paid.

	For the six months ended 31 December			
	2022		2021	
	No.	***RM'000***	*No.*	*RM'000*
	(unaudited)	**(unaudited)**	(unaudited)	(unaudited)
At 1 July	**36**	**16,829**	32	18,243
Additions	**19**	**39,627**	–	–
Disposal	**–**	**–**	(1)	(900)
Impairment loss	**N/A**	**(33)**	N/A	–
At 31 December	**55**	**56,423**	31	17,343

Name of valuer	Location of properties	Carrying amount as at 31 December 2022	30 June 2022
		RM'000	*RM'000*
		(unaudited)	(audited)
CBRE WTW Valuation & Advisory Sdn. Bhd. (formerly known as C H Williams Talhar & Wong Sdn. Bhd.)	In the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia	**14,818**	14,818
KGV International Property Consultant (Johor) Sdn. Bhd.	In the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia	**2,011**	2,011
Knight Frank Malaysia Sdn. Bhd.	In the area of Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia	**39,594**	N/A
		56,423	16,829

As at 31 December 2022, deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2022: RM12,911,000) have been pledged to a bank as security for a bank facility granted to the Group.

12. TRADE AND OTHER RECEIVABLES

	Note	**31 December 2022** *RM'000* **(unaudited)**	30 June 2022 *RM'000* (audited)
Trade receivables	*(i)*	**43,364**	142,102
Less: allowance for doubtful debts		**(4,623)**	(7,763)
		38,741	134,339
Deposits, prepayments and other receivables		**1,600**	5,620
		40,341	139,959

Note:

(i) As at 31 December 2022, trade receivables of approximately RM4,482,000 (30 June 2022: nil) and contract assets of approximately RM9,539,000 (30 June 2022: nil) as disclosed in note 13(a) owing from a customer are secured by the original issue documents of strata/individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.

Aging analysis of trade receivables

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

	31 December 2022 *RM'000* **(unaudited)**	30 June 2022 *RM'000* (audited)
Within 30 days	**19,347**	51,698
31 to 60 days	**12,875**	17,422
61 to 90 days	**2,736**	22,657
Over 90 days	**3,783**	42,562
	38,741	134,339

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 2022	30 June 2022
	RM'000	*RM'000*
	(unaudited)	(audited)
Contract assets		
Arising from performance under construction contracts	**3,356**	10,460
Retention receivables	**9,878**	16,305
	13,234	26,765
Gross carrying amount	**14,026**	28,105
Less: loss allowance	**(138)**	(250)
Less: imputed interest	**(654)**	(1,090)
	13,234	26,765
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 12)*	**38,741**	134,339

As at 31 December 2022, the amounts of approximately RM3,768,000 (30 June 2022: RM8,925,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention receivables. Trade receivables of approximately RM4,482,000 (30 June 2022: nil) as disclosed in note 12 and contract assets of approximately RM9,539,000 (30 June 2022: nil) owing from a customer are secured by the original issue documents of strata/individual titles and other transfer documents pertaining to 9 properties of total net price of approximately RM20.6 million being held in escrow by the Group's solicitor pursuant to the master supplemental agreement dated 22 June 2022.

(b) Contract liabilities

	31 December 2022	30 June 2022
	RM'000	*RM'000*
	(unaudited)	(audited)
Contract liabilities		
Construction contracts		
– Billings in advance of performance	**29**	1,872

14. TRADE AND OTHER PAYABLES

	Notes	31 December 2022 RM'000 (unaudited)	30 June 2022 RM'000 (audited)
Trade payables		**46,401**	123,095
Other payables and accruals	*(i)*	**1,927**	1,123
Retention payables	*(ii)*	**11,395**	12,947
		59,723	137,165

Notes:

(i) The amount of other payables and accruals included amount due to a joint venture of approximately RM6,000 (30 June 2022: RM11,000) which was unsecured, non-trade and repayable on demand as at 31 December 2022.

(ii) Except for the amounts of approximately RM913,000 (30 June 2022: RM2,321,000) included in the retention payables as at 31 December 2022 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 of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	31 December 2022 RM'000 (unaudited)	30 June 2022 RM'000 (audited)
Within 30 days	**22,926**	56,152
31 to 90 days	**7,040**	29,069
Over 90 days	**16,435**	37,874
	46,401	123,095

15. BANK LOANS

	31 December 2022 RM'000 (unaudited)	30 June 2022 RM'000 (audited)
Bank loans, secured	**16,098**	13,649

The bank loans were repayable as follows:

	31 December 2022	30 June 2022
	RM'000	*RM'000*
	(unaudited)	(audited)
Within 1 year or on demand	**3,766**	3,333
Within a period of more than 1 year but not exceeding 2 years	**3,926**	3,722
Within a period of more than 2 years but not exceeding 5 years	**8,406**	6,594
	16,098	13,649
Less: Amounts due within 1 year shown under current liabilities	**(3,766)**	(3,333)
Amounts shown under non-current liabilities	**12,332**	10,316

As at 31 December 2022, the Group's banking facilities were secured and guaranteed by:

(i) investment properties of approximately RM2,200,000 (30 June 2022: RM2,200,000);

(ii) deposits paid for acquisition of investment properties of approximately RM12,911,000 (30 June 2022: RM12,911,000); and

(iii) deposits with licensed banks of the Group with carrying amounts of approximately RM12,814,000 (30 June 2022: RM12,561,000).

16. SHARE CAPITAL

Authorised ordinary shares of HK$0.01 each:

	No. of shares	**Amount**
		RM'000
At 1 July 2021 (unaudited), 30 June 2022 (audited) and 31 December 2022 (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 2021 (unaudited), 30 June 2022 (audited) and 31 December 2022 (unaudited)	500,000,000	2,672

17. CAPITAL COMMITMENTS

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

	31 December 2022	30 June 2022
	RM'000	*RM'000*
	(unaudited)	(audited)
Equipment	**151**	193

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 2022, the Group had completed a total of 4 marine construction contracts which are reclamation and related works contracts with original contract sum in aggregate of approximately RM50.0 million, and 1 building and infrastructure contract with original contract sum of approximately RM80.0 million.

As at 31 December 2022, the Group had 5 ongoing marine construction contracts comprising 2 reclamation and related works contracts, 2 marine transportation contracts and 1 reclamation and related works and marine transportation contract with original contract sum in aggregate of approximately RM634.3 million (including estimated original contract sum of contracts which stated at unit rate at time of award), and 3 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM183.3 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 2022, there were a total of 3 tenders with expected contract sum in aggregate of approximately RM283.4 million submitted (including a revised tender submitted subsequently). As at 30 June 2022, the results of the said tenders and quotations had not yet been released. During the six months ended 31 December 2022, the Group had submitted 1 tender and 5 quotations for marine construction contracts and 2 tenders and 1 quotation for building and infrastructure contracts with original contract sum in aggregate of approximately RM71.4 million, and the Group had been awarded 4 contracts with original contract sum in aggregate of approximately RM3.1 million. As at 31 December 2022, there were 4 tenders and 1 quotation with expected contract sum in aggregate of approximately RM214.6 million submitted but thus far no results has been returned.

FINANCIAL REVIEW

Revenue

Revenue decreased by approximately RM134.6 million or 53.1% from approximately RM253.5 million for the six months ended 31 December 2021 to approximately RM118.9 million for the six months ended 31 December 2022. The substantial decrease in revenue was primarily due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there are some preparation and rearrangements of construction sites by customer and so the delivery of marine sand is currently in slow pace during the transition period; and (ii) decrease in demand of marine gas oil due to the decrease of marine transportation works, while partially offsetting by (i) the increase in volume of work for reclamation and related works generated from existing contracts and new contracts awarded during the six months ended 31 December 2022; and (ii) the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2021.

Marine construction services

Revenue from marine construction services represented approximately 81.8% of the total revenue for the six months ended 31 December 2022. It decreased by approximately RM137.0 million or 58.5% from approximately RM234.3 million for the six months ended 31 December 2021 to approximately RM97.3 million for the six months ended 31 December 2022.

Revenue from reclamation and related works, which represented approximately 7.9% of the total revenue from marine construction services for the six months ended 31 December 2022, increased by approximately RM5.2 million or 208.0% from approximately RM2.5 million for the six months ended 31 December 2021 to approximately RM7.7 million for the six months ended 31 December 2022. Such increase was mainly due to the increase of volume of work performed for the existing contracts and new contracts awarded during the six months ended 31 December 2022.

Revenue from marine transportation, which represented approximately 92.1% of the total revenue from marine construction services for the six months ended 31 December 2022, decreased by approximately RM142.2 million or 61.3% from approximately RM231.8 million for the six months ended 31 December 2021 to approximately RM89.6 million for the six months ended 31 December 2022. Such decrease was mainly due to (i) the substantial decrease in volume of sand transported generated from a marine transportation contract in Singapore given that there are some preparation and rearrangements of construction sites by customer and so the delivery of marine sand is currently in slow pace during the transition period; and (ii) completion of a contract which contributed certain portion of revenue for the six months ended 31 December 2021, while partially offsetting by the increase of volume of sand transported generated from additional variation order received from customer for existing contract.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 9.2% of the total revenue for the six months ended 31 December 2022. Revenue from building and infrastructure services increased by approximately RM6.4 million or 142.2% from approximately RM4.5 million for the six months ended 31 December 2021 to approximately RM10.9 million for the six months ended 31 December 2022. Such increase was mainly due to the increase in volume of work performed for building and infrastructure services as compared with the corresponding period in 2021 and the upward adjustment impact from a final account.

Trading business of marine gas oil

Revenue from trading business of marine gas oil, which represented approximately 9.0% of the total revenue for the six months ended 31 December 2022, decreased by approximately RM4.0 million or 27.2% from approximately RM14.7 million for the six months ended 31 December 2021 to approximately RM10.7 million for the six months ended 31 December 2022. Such decrease was attributed from the decrease in demand of marine gas oil due to the decrease of marine transportation works as abovementioned.

Gross profit and gross profit margin

Gross profit decreased by approximately RM1.6 million or 15.1% from approximately RM10.6 million for the six months ended 31 December 2021 to approximately RM9.0 million for the six months ended 31 December 2022. The gross profit margin increased from approximately 4.2% for the six months ended 31 December 2021 to approximately 7.6% for the six months ended 31 December 2022.

The decrement of gross profit was primarily caused by the decrease in revenue as abovementioned, while partially offsetting by the higher gross profit margin for reclamation and related works and building and infrastructure services than the corresponding period in 2021.

Other revenue

The other revenue increased from approximately RM0.5 million for the six months ended 31 December 2021 to approximately RM1.4 million for the six months ended 31 December 2022, which was mainly due to the increase in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia during the six months ended 31 December 2022 as a result of the increase in bank interest rates and the recognition of imputed interest income on contract assets of approximately RM0.5 million in relation to part of the balances owing from a customer to be settled by instalments in more than one year.

Other net (loss)/income

Other net loss was approximately RM0.3 million for the six months ended 31 December 2022. It mainly included the recognition of the foreign exchange loss of approximately RM252,000 arising from the translation of foreign current denominated balances into Malaysia Ringgit and impairment loss on deposits paid for acquisition of investment properties of approximately RM33,000.

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.

Reversal/(allowance) for impairment loss on trade receivables and contract assets

During the six months ended 31 December 2022, upon the completion of major transaction pursuant to the master supplemental agreement entered into with one of the long outstanding customers and its related party in relation to the settlement transactions, the loss allowance recognised in respect of this customer has been decreased from approximately RM3.3 million as at 30 June 2022 to approximately RM0.5 million as at 31 December 2022.

Taking into account of the decrease in balances of trade receivables and contract assets, and 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 (including the consideration of the expected loss rate performed by independent valuer), reversal of impairment loss of approximately RM3.3 million was recognised for the six months ended 31 December 2022 while impairment loss of approximately RM4.2 million was recognised for the six months ended 31 December 2021.

General and administrative expenses

General and administrative expenses increased by approximately RM2.5 million or 46.3% from approximately RM5.4 million for the six months ended 31 December 2021 to approximately RM7.9 million for the six months ended 31 December 2022. Such increase was mainly due to the increase of staff costs arising from the increment of provision of bonus, legal and professional fees and donations incurred.

Finance costs

Finance costs increased from approximately RM0.3 million for the six months ended 31 December 2021 to approximately RM0.6 million for the six months ended 31 December 2022 which mainly due to the increase of interest rate and the impact from additional term loans withdrawn during June 2022 and the six months ended 31 December 2022.

Income tax expenses

Income tax expenses of approximately RM1.1 million was recorded for the six months ended 31 December 2022 as compared with approximately RM1.5 million for the six months ended 31 December 2021. The decrease was mainly due to the decrement of taxable profit of a Singapore subsidiary for the six months ended 31 December 2022 as compared with the six months ended 31 December 2021, while partially offsetting by (i) increment of taxable profit of Malaysia subsidiaries for the six months ended 31 December 2022 as compared with the six months ended 31 December 2021; and (ii) the recognition of deferred tax expenses on exchange differences arising from the settlement of intercompanies balances.

Profit for the period attributable to owners of the Company

Due to the abovementioned items, the Group reported increase of profit attributable to owners of the Company from approximately RM0.4 million for the six months ended 31 December 2021 to approximately RM3.5 million for the six months ended 31 December 2022.

Dividends

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: 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 2022, the Group had cash and cash equivalents of approximately RM84.5 million (30 June 2022: RM85.9 million), fixed deposits with maturity over three months of approximately RM5.4 million (30 June 2022: RM5.3 million) and pledged bank deposits of approximately RM12.8 million (30 June 2022: RM12.6 million). The decrement was mainly due to the net operating activities cash outflows, net investing and financing activities cash inflows and effect of foreign exchange rate changes during the six months ended 31 December 2022. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Ringgit Malaysia.

As at 31 December 2022, the Group had lease liabilities of approximately RM0.4 million (30 June 2022: RM0.5 million) carrying interest rate ranging from 3.1% to 8.2% (30 June 2022: ranging from 3.1% to 8.2%) and bank loans of approximately RM16.1 million (30 June 2022: RM13.6 million) carrying interest rate at 6.7% (30 June 2022: 6.2%). All are denominated in Ringgit Malaysia. The Group had unutilised banking facilities of approximately RM47.0 million (30 June 2022: RM50.7 million).

The Group continued to maintain a healthy liquidity position. The current ratio increased from approximately 1.9 times as at 30 June 2022 to approximately 2.4 times as at 31 December 2022 which mainly due to the reduction of trade receivables and contract assets upon the completion of major transaction pursuant to the master supplemental agreement entered into with one of the long outstanding customers and its related party in relation to the settlement transactions. The gearing ratio increased from approximately 10.2% as at 30 June 2022 to approximately 11.6% as at 31 December 2022 which is calculated based on the total loans and borrowings (which represent bank loans and lease liabilities) divided by total equity at the end of the period/year. The increase of gearing ratio was mainly due to the increase of total bank loans and lease liabilities from approximately RM14.2 million as at 30 June 2022 to approximately RM16.5 million as at 31 December 2022.

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 2022.

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 2022.

Capital commitments

As at 31 December 2022, the Group had capital commitments of approximately RM0.2 million (30 June 2022: RM0.2 million).

Pledge of assets

As at 31 December 2022, pledged bank deposits of approximately RM12.8 million (30 June 2022: RM12.6 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.3 million (30 June 2022: RM7.3 million) related to performance bonds. Pledged bank deposits related to performance bonds includes (i) minimum amount of deposits pledged to banks for facility lines for performance bonds; (ii) sinking fund (calculated at 6%-7.15% of the progress payment from the particular contract related to the corresponding performance bonds); and (iii) interest income of deposits pledged to banks.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (30 June 2022: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (30 June 2022: RM2.2 million) as at 31 December 2022 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 31 December 2022, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM2.4 million (30 June 2022: RM2.4 million).

The performance bonds were given by banks in favour of some of the 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 banks of approximately RM7.3 million; and (ii) corporate guarantees given by the Company as at 31 December 2022.

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 2022, approximately 34% (30 June 2022: 36%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 92% (30 June 2022: 91%) 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 to 3 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. As at 31 December 2022 and 30 June 2022, 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 loans. Cash at banks and bank loans at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Malaysia base lending rate from the Group's bank loans denominated in Ringgit Malaysia.

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 2022 annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement and Publications in relation to Major Transaction, the Group did not hold any significant investments during the six months ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 25 April 2019 (the "**Prospectus**"), circular dated 19 July 2022, 2022 annual report and this announcement, the Group did not have other plans for material investments and capital assets as at 31 December 2022.

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 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 December 2022 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, excluding the Directors, the total number of full-time employees of the Group was approximately 55 (30 June 2022: 57).

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. The Board took 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. The remuneration committee of the Company will determine the overall amount of each component of remuneration, taking into account both quantitative and qualitative assessment of performance. No individual Director or any of his/her associates is involved in deciding his/her own remuneration.

No equity-based remuneration (e.g. share options or grants) with performance-related elements shall be granted to independent non-executive Directors. This measure aims to ensure the independent non-executive Directors are demonstrating objective judgement throughout their tenure. This is because equity-based remuneration with performance-related elements 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 pandemic remains a dark cloud on the global economy and poses uncertainty on the future markets. To prevent the spread of COVID-19, the government of the operating jurisdictions has been imposing different measures, policies, requirements and restrictions. The said impediments exposed the Group to operation risks, credit risks and liquidity risks, which adversely impact on the financial performance of the Group.

With the effective control of the COVID-19 outbreak and recovery measures implemented by the government, in particular the gradual re-opening policies of Malaysia, the Group's activities are resuming gradually and the Group believes the economy will be improved progressively. However, the Group remains conservative over the Group's business and financial performance in the near future as the industry remains competitive and the future markets remains uncertain together with the recent change of the Malaysia government.

On the other hand, the inflationary pressures and continuous increase of interest rate raising the cost of capital posted pressure on the profitability of the Group. This was more so given the increasingly competitive construction business and trading business of marine gas oil. The Group will take prudent approach before the execution of the new contracts to reduce the negative impact on the Group's profitability.

Despite the uncertainties and challenges ahead, new contracts were awarded and the Group's business was improved continuously. Taking into account of the cash and cash equivalents in hand, available banking facilities, tight cost control measures and capital commitments, the Group believes its liquidity position remains healthy. The Group is currently under negotiation stage with one of the customers who has been awarded a contract in relation to reclamation and related works and marine transportation before the pandemic on revising the scope of work and pricing given that the contract has been awarded for years. It is expected that this project will be commenced during the second quarter of 2023. Given this positive development of the project, and marine transportation activities in Singapore which will increase gradually upon the completion of site rearrangements, the Group believes these events will be beneficial to the Group's future business.

Moving forward, the Group will continuously monitor the uncertainties faced by the Group and market development to stay abreast of business opportunities of the operating countries. The Group will also optimise its business models and portfolios to solidify its market competitiveness by participating in different tenders actively. At the same time, the Group will leverage its financial position, extensive network from its management, strong quality management system and resources available to implement appropriate business strategies to mitigate the potential adverse impact on its business operations and to 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 10 May 2019 (the Listing Date) up to 31 December 2022:

Use of net proceeds as at 31 December 2022	Percentage of net proceeds *%*	Amount *RM million*	Amount utilised *RM million*	Actual balance as at 31 December 2022 *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**	**(4.0)**	**10.7**	**By June 2024**
Upgrading the information technology and project management systems	**0.6**	**0.4**	**(0.2)**	**0.2**	**By June 2024**
Recruiting and expanding management team for the building and infrastructure works	**3.4**	**2.1**	**(0.5)**	**1.6**	**By June 2024**
Working capital and general corporate purposes	**7.4**	**4.6**	**(4.6)**	**–**	**N/A**
	100.0	**62.6**	**(9.3)**	**53.3**	

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 2022, approximately RM53.3 million (representing approximately 85.1% 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.

There is a delay in the timing of utilising the remaining net proceeds from the global offering. Such delay is due to (i) the delay in commencement of construction contracts; and (ii) several contracts expected to be awarded were being cancelled by the potential customers since the Listing. The economic environment remains unstable and the future market remains uncertain. Considering the majority of the remaining proceeds is for capital and business expenditure purpose, the Group shall utilise the remaining proceeds in a conservative manner. Such utilisation is based on the future market development and the potential business opportunities of the Group. This is to reduce the unnecessary costs 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, and would be subject to change based on the future development of market conditions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2022 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 2022 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 2022.

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 code provision D.3.3 in Part 2 "Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices" of 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 2022.

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 2022 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 of the Company, business partners and customers of the Group for their continued support, guidance and contribution to the Group and appreciation to our management and employees for their hard work and dedication.

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

Hong Kong, 22 February 2023

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.