JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

RESULTS HIGHLIGHTS

	Year ended 30 June		
	2021	2020	Increase (decrease)
	RM'000	*RM'000*	*RM'000*
Revenue	**141,040**	125,531	15,509
Gross profit	**6,678**	19,835	(13,157)
Gross profit margin	**4.7%**	15.8%	(11.1%)
Allowance for impairment loss on trade receivables and contract assets	**(5,093)**	(2,998)	(2,095)
(Loss)/profit for the year attributable to owners of the Company	**(9,416)**	2,158	(11,574)
Total equity attributable to equity owners of the Company	**114,047**	125,594	(11,547)
Basic and diluted (loss)/earnings per Share *(Sen)*	**(1.88)**	0.43	(2.31)

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of JBB Builders International Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2021 together with the comparative figures for the year ended 30 June 2020. All amounts set out in this announcement are expressed in Ringgit Malaysia ("**RM**") unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	**2021** ***RM'000***	2020 *RM'000*
Revenue	*4*	**141,040**	125,531
Direct costs		**(134,362)**	(105,696)
Gross profit		**6,678**	19,835
Other revenue	*5*	**1,172**	2,397
Other net loss	*5*	**(1,305)**	(1,284)
Allowance for impairment loss on trade receivables and contract assets	*6(c)*	**(5,093)**	(2,998)
General and administrative expenses		**(10,906)**	(15,246)
(Loss)/profit from operations		**(9,454)**	2,704
Share of profit/(loss) of a joint venture		**112**	(37)
Finance costs	*6(a)*	**(302)**	(147)
(Loss)/profit before taxation	*6*	**(9,644)**	2,520
Income tax expenses	*8*	**(1,815)**	(2,200)
(Loss)/profit for the year		**(11,459)**	320
Other comprehensive (loss)/profit for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**(2,131)**	2,835
Total comprehensive (loss)/income for the year		**(13,590)**	3,155
(Loss)/profit for the year attributable to:			
Owners of the Company		**(9,416)**	2,158
Non-controlling interests		**(2,043)**	(1,838)
		(11,459)	320
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(11,547)**	4,993
Non-controlling interests		**(2,043)**	(1,838)
		(13,590)	3,155
(Loss)/earnings per share ***(Sen per share)***	*9*		
— Basic		**(1.88)**	0.43
— Diluted		**(1.88)**	0.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	**30 June 2021 RM'000**	30 June 2020 RM'000	1 July 2019 RM'000
Non-current assets				
Property, plant and equipment		1,400	4,677	9,208
Investment properties		2,200	2,710	3,300
Interest in a joint venture		410	298	335
Deposits paid for acquisition of investment properties	*10(a)*	18,243	22,095	—
Deposits paid for acquisition of property, plant and equipment		183	101	—
Deposits placed for life insurance policies	*10(b)*	978	287	—
Deferred tax assets		103	1,276	318
		23,517	31,444	13,161
Current assets				
Trade and other receivables	*11*	97,267	84,704	105,440
Contract assets	*12(a)*	45,479	42,037	102,282
Tax recoverable		2,251	2,037	2,528
Financial assets at fair value through profit or loss ("**FVTPL**")	*13*	1,045	—	—
Fixed deposits with maturity over three months		5,203	5,000	—
Pledged bank deposits		9,797	9,178	5,593
Cash and cash equivalents		85,309	75,968	114,638
		246,351	218,924	330,481
Current liabilities				
Trade and other payables	*14*	135,618	111,835	199,628
Contract liabilities	*12(b)*	124	1,282	89
Bank loan		2,675	—	501
Lease liabilities		289	548	1,215
Provision for taxation		383	—	2,174
		139,089	113,665	203,607
Net currents assets		107,262	105,259	126,874
Total assets less current liabilities		130,779	136,703	140,035
Non-current liabilities				
Bank loan		7,889	—	—
Lease liabilities		522	745	1,271
Deferred tax liabilities		—	—	626
		8,411	745	1,897
Net assets		122,368	135,958	138,138
Capital and reserves				
Share capital	*15*	2,672	2,672	2,672
Reserves		111,375	122,922	123,264
Total equity attributable to equity owners of the Company		114,047	125,594	125,936
Non-controlling interests		8,321	10,364	12,202
		122,368	135,958	138,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 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 "**Share**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 May 2019 (the "**Listing**").

The Company is an investment holding company and the Company's subsidiaries are principally engaged in the provision of marine construction services and building and infrastructure services. As at 30 June 2021, the Directors consider that the Company is ultimately controlled by Dato' Ng Say Piyu and Datin Ngooi Leng Swee (the "**Controlling Shareholders**"), who have entered into a concert party deed on 16 May 2018.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in a joint venture.

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

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

In previous financial year, Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") were applied in the consolidated financial statements. During the current financial year, the Group has applied, for the first time, the IFRSs, in accordance with IFRS 1 "First-time adoption of International Financial Reporting Standards" with a date of transition to IFRSs on 1 July 2019. IFRSs are virtually identical to HKFRSs. The first-time adoption of IFRSs in the current financial year financial statements did not result in material impact on the Group's financial performance and financial position for prior year set out in these financial statements prepared under HKFRSs issued by the HKICPA as of the date of transition and for the year ended 30 June 2020.

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 consolidated financial statements for the year ended 30 June 2021 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2020.

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

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

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

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

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

None of the developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

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

Revenue from contracts with customers within the scope of IFRS 15

	2021	2020
	RM'000	*RM'000*
Construction contracts		
— Reclamation and related works	**2,225**	11,105
— Building and infrastructure	**41,262**	82,678
	43,487	93,783
Marine transportation	**97,553**	31,748
	141,040	125,531

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

As at 30 June 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM593,215,000 (2020: RM692,150,000). This amount represents revenue expected to be recognised in future from construction contracts and marine transportation contracts entered into between the customers and the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to be during the years ending 30 June 2022 to 30 June 2025.

(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 three reportable segments as follows:

Marine construction services

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

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

Building and infrastructure services

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

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

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

Information regarding the above segments is reported below.

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

For the year ended 30 June 2021

	Marine construction			
	Reclamation and related works *RM'000*	**Marine transportation** *RM'000*	**Building and infrastructure** *RM'000*	**Total** *RM'000*
Reportable segment revenue	**2,225**	**97,553**	**41,262**	**141,040**
Reportable segment (loss)/profit	**(3,982)**	**(367)**	**3,228**	**(1,121)**
Unallocated central administrative and corporate expenses				**(9,604)**
Unallocated other revenue and other net loss				**1,271**
Finance costs				**(302)**
Share of profit of a joint venture				**112**
Loss before taxation				**(9,644)**
Other segment information				
Depreciation	**2,513**	**1**	**—**	**2,514**
(Reversal)/allowance for impairment loss on trade receivables and contract assets	**(90)**	**4,101**	**1,082**	**5,093**
(Gain) on disposal of deposits paid for acquisition of investment properties	**—**	**—**	**(787)**	**(787)**
Impairment loss on deposits paid for acquisition of investment properties	**—**	**—**	**1,467**	**1,467**
Impairment loss on property, plant and equipment	**745**	**—**	**—**	**745**

For the year ended 30 June 2020

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

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.

	2021 *RM'000*	2020 *RM'000*
Malaysia (place of domicile)	**54,516**	125,531
Singapore	**86,524**	—
	141,040	125,531

5. OTHER REVENUE AND OTHER NET LOSS

	2021	2020
	RM'000	*RM'000*
Other revenue		
Interest income on financial assets measured at amortised cost	**1,037**	2,367
Handling service fee on provision of diesel	**21**	15
Others	**114**	15
	1,172	2,397
Other net loss		
Impairment loss on deposits paid for acquisition of investment properties	**(1,467)**	—
Impairment loss on property, plant and equipment	**(745)**	—
Fair value loss on investment properties	**(510)**	(590)
Loss on deposits placed for life insurance policies	**(113)**	(114)
Fair value loss on financial assets at FVTPL	**(55)**	—
Gain on disposal of deposits paid for acquisition of investment properties	**787**	—
Net foreign exchange gain/(loss)	**748**	(1,007)
Gain on disposal of property, plant and equipment	**50**	439
Write off of property, plant and equipment	**—**	(12)
	(1,305)	(1,284)

6. (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2021	2020
	RM'000	*RM'000*
Interest on bank loan	**267**	47
Interest on lease liabilities	**35**	100
Total interest expenses on financial liabilities not at fair value through profit or loss	**302**	147

(b) Staff costs (including Directors' emoluments)

	2021 *RM'000*	2020 *RM'000*
Salaries, wages and other benefits	**6,827**	9,103
Contributions to defined contribution retirement plan	**640**	814
	7,467	9,917
Less: Amount included in direct costs	**(501)**	(1,180)
	6,966	8,737

(c) Other items

	2021 *RM'000*	2020 *RM'000*
Depreciation charge		
— owned property, plant and equipment	**2,397**	3,396
— right-of-use assets	**486**	983
	2,883	4,379
Less: Amount included in direct costs	**(2,313)**	(3,671)
	570	708
Short-term lease expenses	**549**	1,425
Less: Amount included in direct costs	**(380)**	(1,269)
	169	156
Allowance for impairment loss on trade receivables and contract assets	**5,093**	2,998
Auditors' remuneration	**364**	498
Impairment loss on deposits paid for acquisition of investment properties	**1,467**	—
Impairment loss on property, plant and equipment	**745**	—
Fair value loss on investment properties	**510**	590
Loss on deposits placed for life insurance policies	**113**	114
Fair value loss on financial assets at FVTPL	**55**	—
(Gain) on disposal of deposits paid for acquisition of investment properties	**(787)**	—
Net foreign exchange (gain)/loss	**(748)**	1,007
(Gain) on disposal of property, plant and equipment	**(50)**	(439)
Write off of property, plant and equipment	**—**	12

7. DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 30 June 2021 (2020: nil).

8. INCOME TAX EXPENSES

	2021	2020
	RM'000	*RM'000*
Current tax		
Malaysia corporate income tax	**9**	3,649
Singapore corporate income tax	**383**	—
Withholding tax on payment made to non-resident in Malaysia	**194**	—
	586	3,649
Under provision in prior years	**56**	135
Deferred tax		
Origination and reversal of temporary differences	**1,173**	(1,584)
Income tax expenses for the year	**1,815**	2,200

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

(ii) No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 30 June 2021 and 2020.

(iii) Corporate income tax in Malaysia is calculated at the statutory rate of 24% of the estimated taxable profit for the years ended 30 June 2021 and 2020.

(iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the year ended 30 June 2021. For the financial year ended 30 June 2021 in Singapore, 75% of the chargeable income of first Singapore dollars ("**SGD**") 10,000 and 50% of the chargeable income of next SGD190,000 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 for the year ended 30 June 2021.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of approximately RM9,416,000 (2020: profit attributable to owners of the Company of approximately RM2,158,000) and the weighted average of 500,000,000 ordinary shares (2020: 500,000,000 ordinary shares) in issue during the year.

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2021 and 2020.

10. DEPOSITS

(a) Deposits paid for acquisition of investment properties

During the year ended 30 June 2021, 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 (please refer to the announcement dated 19 February 2020 for details) and recognised as a gain on disposal of approximately RM787,000. The carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM5,750,000 were derecognised during the year ended 30 June 2021.

During the year ended 30 June 2021, the Group entered into a deed of settlement with a customer (the "**Customer A**"), an independent third party to the Group, pursuant to which trade receivables owing from Customer A to the Group with total amount of approximately RM3,305,000 are deemed to be settled 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 30 June 2021. Accordingly, deposits paid for acquisition of investment properties of approximately RM3,365,000 were recognised during the year ended 30 June 2021.

During the year ended 30 June 2020, the Group entered into a deed of settlement with a customer (the "**Customer B**") and a shareholder of the Customer B (the "**Shareholder of the Customer B**"), an independent third party to the Group, pursuant to which trade receivables owing from Customer B to the Group with total amount of approximately RM22,095,000 are deemed to be settled by assignment of 40 properties beneficially owned by the Shareholder of the Customer B. Given that the said properties were being developed, the legal titles of the properties had not been transferred to the Group as at 30 June 2020. Accordingly, deposits paid for acquisition of investment properties of approximately RM22,095,000 were recognised during the year ended 30 June 2020.

During the year ended 30 June 2021, 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 RM1,467,000 were recognised (2020: nil). The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 30 June 2021 were carried out by an independent firm, C H Williams Talhar & Wong Sdn. Bhd. (2020: KGV International Property Consultant (Johor) Sdn. Bhd.), who have among their valuers registered with The Board of Valuers, Appraisers and Estate Agents, Property Manager, Malaysia (2020: The Board of Valuers, Appraisers and Estate Agents, Malaysia), with recent experience in the location and category of property 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 using market data which is publicly available.

As at 30 June 2021, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 32 investment properties being developed in Malaysia (30 June 2020: 40 and 1 July 2019: nil). As the legal titles in respect of those investment properties had not been vested in the Group as of the end of each reporting period, the payments made were accounted as deposits paid.

	No.	*RM'000*
At 1 July 2019	—	—
Additions	40	22,095
At 30 June 2020	40	22,095
Additions	2	3,365
Disposals	(10)	(5,750)
Impairment loss	N/A	(1,467)
At 30 June 2021	32	18,243

As at 30 June 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 2020 and 1 July 2019: nil).

(b) Deposits placed for life insurance policies

	RM'000
At 1 July 2019	—
Additions	401
Loss on deposit placed for a life insurance policy	(114)
At 30 June 2020	287
Additions	804
Loss on deposits paid for life insurance policies	(113)
At 30 June 2021	978

During the year ended 30 June 2021, a life insurance policy (the "**Policy 2021**") was taken to insure an executive director of the Company (the "**Insured Person**"). Under the Policy 2021, the beneficiary is a bank (the "**Bank**") and the total insured sum is approximately RM3,200,000. At the inception of the Policy 2021, the Group paid an upfront payment of approximately RM804,000. For any insured events happened to the Insured Person, the insured sum will first be used to settle the outstanding bank loan of the Group from the Bank, and thereafter any excess portion will be payable to the Group. The Bank will pay the Group a variable return per annum afterwards (with no minimum return guaranteed) during the effective period of the Policy 2021. The Policy 2021 can be withdrawn at any time with surrender charges if such withdrawal occurs before the 10th anniversary from date of inception and a cash refund will be received based on the cash surrender value of the Policy 2021, which is determined by the gross premium paid plus accumulated return earned and minus any charges made in accordance with the terms and conditions of the Policy 2021, at the date of withdrawal. The Policy 2021 exposes the Group to significant insurance risk.

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

As at 30 June 2021, the directors of the Company expect that the Policy 2021 and Policy 2020 (2020: Policy 2020) will be terminated at the 10th anniversary from the date of inception and there will be no specific surrender charges in accordance with the terms of the Policy 2021 and Policy 2020 (2020: Policy 2020). The directors of the Company consider that the expected life of the Policy 2021 and Policy 2020 (2020: Policy 2020) will remain unchanged from initial recognition.

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

11. TRADE AND OTHER RECEIVABLES

	Note	**30 June 2021** *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Trade receivables		**99,670**	78,305	92,771
Less: allowance for doubtful debts		**(7,487)**	(4,388)	(1,323)
	(i)	**92,183**	73,917	91,448
Deposits, prepayments and other receivables	*(ii)*	**5,084**	10,787	13,992
		97,267	84,704	105,440

Notes:

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

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

Aging analysis of trade receivables

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

	30 June 2021 *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Within 30 days	**37,889**	8,575	23,447
31 to 60 days	**1,417**	510	22,239
61 to 90 days	**1,761**	3,170	4,378
Over 90 days	**51,116**	61,662	41,384
	92,183	73,917	91,448

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

12. CONSTRUCTION CONTRACTS

(a) Contract assets

The Group's contract assets are analysed as follows:

	30 June 2021 *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Contract assets			
Arising from performance under construction contracts	**24,166**	19,414	46,753
Retention receivables	**21,313**	22,623	55,529
	45,479	42,037	102,282
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 11)*	**92,183**	73,917	91,448

As at 30 June 2021, the amounts of approximately RM6,596,000 (30 June 2020: RM10,050,000 and 1 July 2019: RM8,401,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention.

(b) Contract liabilities

	30 June 2021 *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Contract liabilities			
Construction contracts			
— Billings in advance of performance	**124**	1,282	89

13. 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.

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

14. TRADE AND OTHER PAYABLES

	Note	**30 June 2021** *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Trade payables		**118,204**	91,994	178,544
Other payables and accruals	*(i)*	**1,030**	1,196	3,111
Retention payables	*(ii)*	**16,384**	18,645	17,973
		135,618	111,835	199,628

Notes:

(i) The amount of other payables and accruals included amount due to a joint venture of approximately RM11,000 (30 June 2020 and 1 July 2019: nil) which was unsecured, non-trade and repayable on demand.

(ii) Except for the amounts of approximately RM5,559,000 (30 June 2020: RM10,116,000 and 1 July 2019: RM7,994,000) included in the retention payables as at 30 June 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 each of the reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	30 June 2021 *RM'000*	30 June 2020 *RM'000*	1 July 2019 *RM'000*
Within 30 days	**60,869**	17,925	59,892
31 to 90 days	**3,715**	1,142	11,766
Over 90 days	**53,620**	72,927	106,886
	118,204	91,994	178,544

15. SHARE CAPITAL

Authorised ordinary shares of HK$0.01 each:

	No. of shares	Amount
		RM'000
At 1 July 2019, 30 June 2020 and 30 June 2021	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 2019, 30 June 2020 and 30 June 2021	500,000,000	2,672

16. CAPITAL COMMITMENTS

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

	30 June 2021	30 June 2020	1 July 2019
	RM'000	*RM'000*	*RM'000*
Equipment	**187**	269	—

17. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Subsequent to the year ended 30 June 2021, the Group entered into a deed of settlement with a subcontractor (the "**Subcontractor**") and a nominee of the Subcontractor (the "**Nominee of the Subcontractor**"), an independent third party to the Group, pursuant to which trade payables due to the Subcontractor by the Group with total amount of approximately RM1.1 million are deemed to be settled by the assignment of a property to Nominee of the Subcontractor in which the property was acquired by the Group under the deed of settlement dated 19 February 2020. The carrying amount of the deposit paid for the abovementioned property, which was included in "Deposits paid for acquisition of investment properties", amounted to approximately RM0.9 million as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an established engineering contractor which engaged in the business of two major types of services in Malaysia and Singapore:

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

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

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

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

During the year ended 30 June 2021, 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 RM11.3 million, and total of 7 building and infrastructure contracts with original contract sum in aggregate of approximately RM138.5 million. The Group and a customer mutually terminated a marine construction contract in respect of reclamation and related works with original contract sum of approximately RM42.3 million given the uncertainty in economic condition in Malaysia as affected by the outbreak of coronavirus COVID-19 pandemic (the "**COVID-19 Outbreak**").

As at 30 June 2021, the Group had 4 ongoing marine construction contracts comprising 3 marine transportation contracts and 1 reclamation and related works and marine transportation contract with original contract sum in aggregate of approximately RM748.2 million (including estimated original contract sum of a contract which stated at unit rate), and 3 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM262.0 million.

As at 30 June 2020, the Group had 9 tenders and 4 quotations with expected contract sum in aggregate of approximately RM875.5 million submitted but not yet have results. During the year ended 30 June 2021, the Group had submitted 3 tenders and 7 quotations for marine construction contracts and 13 tenders and 5 quotations for building and infrastructure contracts with original contract sum in aggregate of approximately RM1,152.8 million, and the Group had been awarded 5 contracts with original contract sum in aggregate of approximately RM1.3 million. As at 30 June 2021, there were 6 tenders and 4 quotations with expected contract sum in aggregate of approximately RM727.3 million submitted but still no results returned.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately RM15.5 million or 12.4% from approximately RM125.5 million for the year ended 30 June 2020 to approximately RM141.0 million for the year ended 30 June 2021. The increase in revenue is mainly attributable to the increase of volume of sand transported generated from a Singapore contract secured in June 2020; 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 key contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2020; and (ii) the suspension of the Group's ongoing contracts, postponement of the scheduled construction works and further delay in the commencement of new contracts secured in earlier periods due to the long lasting COVID-19 Outbreak and the enforcement of the conditional Restriction of Movement Order (the "**Order**") by Malaysia government (please refer to announcements dated 22 May 2020 and 22 July 2021 for details).

Marine construction services

Revenue from marine construction services represented approximately 70.7% of the total revenue for the year ended 30 June 2021. It increased by approximately RM56.9 million or 132.6% from approximately RM42.9 million for the year ended 30 June 2020 to approximately RM99.8 million for the year ended 30 June 2021.

Revenue from reclamation and related works, which represented approximately 2.2% of the total revenue from marine construction services for the year ended 30 June 2021, decreased by approximately RM8.9 million or 80.2% from approximately RM11.1 million for the year ended 30 June 2020 to approximately RM2.2 million for the year ended 30 June 2021. Such decrease was mainly due to (i) suspension of the commencement of a new marine construction contract due to the COVID-19 Outbreak and the enforcement of the Order; and (ii) the reduction in volume of work following the completion of certain key contracts.

Revenue from marine transportation, which represented approximately 97.8% of the total revenue from marine construction services for the year ended 30 June 2021, increased by approximately RM65.9 million or 207.9% from approximately RM31.7 million for the year ended 30 June 2020 to approximately RM97.6 million for the year ended 30 June 2021. Such increase was mainly due to the increase of volume of sand transported generated from a Singapore contract secured in June 2020, but partially offsetting by the slowdown of the scheduled construction works for other marine transportation contracts in Malaysia due to less vessels available for transportation because of the COVID-19 Outbreak and the enforcement of the Order.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 29.3% of the total revenue for the year ended 30 June 2021. Revenue from building and infrastructure services decreased by approximately RM41.4 million or 50.1% from approximately RM82.7 million for the year ended 30 June 2020 to approximately RM41.3 million for the year ended 30 June 2021. Such decrease was mainly due to the completion of certain contracts during the year ended 30 June 2021 with significant revenue generated during the year ended 30 June 2020. In addition, the postponement of the scheduled construction works of remaining ongoing contracts due to the COVID-19 Outbreak and the enforcement of the Order led to further reduction of revenue generated for the year ended 30 June 2021.

Gross profit and gross profit margin

Gross profit dropped by approximately RM13.1 million or 66.2% from approximately RM19.8 million for the year ended 30 June 2020 to approximately RM6.7 million for the year ended 30 June 2021. The overall gross profit margin decreased from 15.8% for the year ended 30 June 2020 to 4.7% for the year ended 30 June 2021.

The decrement of gross profit was mainly due to (i) fixed direct cost was continuously incurred; (ii) lower contract value was entered as a result of increased competition in the market compared with those completed in previous years; (iii) increase in subcontracting costs; and (iv) certain contracts with higher gross profit margin were completed during the year ended 30 June 2020.

Other revenue

The other revenue decreased from approximately RM2.4 million for the year ended 30 June 2020 to approximately RM1.2 million for the year ended 30 June 2021, which was mainly due to the decrease in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia for the year ended 30 June 2021, as a result of the decrease in bank interest rates.

Other net loss

Other net loss was approximately RM1.3 million for the years ended 30 June 2021 and 2020. Other net loss for the year ended 30 June 2021 mainly included (i) impairment loss on deposits paid for acquisition of investment properties of approximately RM1.5 million; (ii) impairment loss on property, plant and equipment of approximately RM0.7 million; (iii) fair value loss on investment properties of approximately RM0.5 million; (iv) loss on deposits placed for life insurance policies of approximately RM0.1 million; (v) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM0.8 million arising from the assignment of 10 investment properties beneficially owned by the Group under a deed of settlement dated 19 February 2020 (please refer to the announcement dated 19 February 2020 for details) to Subcontractors; and (vi) recognition of the net foreign exchange gain of approximately RM0.7 million arising from the translation of foreign currency denominated balances into Malaysia Ringgit.

Other net loss for the year ended 30 June 2020 mainly included (i) the net foreign exchange loss of approximately RM1.0 million; (ii) fair value loss on investment properties of approximately RM0.6 million; (iii) loss on deposit placed for a life insurance policy of approximately RM0.1 million; and (iv) gain on disposal of property, plant and equipment of approximately RM0.4 million.

Allowance for impairment loss on trade receivables and contract assets

There was impairment loss on trade receivables and contract assets. Due to the slowdown of the collection of receivables from our customers and 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 (including the consideration of the expected loss rate performed by independent valuer), impairment loss of approximately RM5.1 million was recognised for the year ended 30 June 2021 while impairment loss of approximately RM3.0 million was recognised for the year ended 30 June 2020.

General and administrative expenses

General and administrative expenses decreased by approximately RM4.3 million or 28.3% from approximately RM15.2 million for the year ended 30 June 2020 to approximately RM10.9 million for the year ended 30 June 2021. Such decrease was mainly due to the decrement of staff costs arising from the reduction of Directors' emoluments and 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

Income tax expenses of approximately RM1.8 million was recorded for the year ended 30 June 2021 as compared with approximately RM2.2 million for the year ended 30 June 2020. Such change was attributable to the loss generated by the Group for the year ended 30 June 2021 and the reversal of deferred tax impact recognised for credit loss allowances as at 30 June 2020.

Finance costs

Finance costs increased from approximately RM147,000 for the year ended 30 June 2020 to approximately RM302,000 for the year ended 30 June 2021 due to the withdrawal of term loan of approximately RM10.6 million for the settlement of the trade payables owing to subcontractors during the year ended 30 June 2021.

(Loss)/profit for the year attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately RM2.2 million for the year ended 30 June 2020 while recorded loss attributable to owners of the Company of approximately RM9.4 million for the year ended 30 June 2021. Since the expected loss rate applied for the calculation of credit loss allowances as stated in "Allowance for impairment loss on trade receivables and contract assets" is higher than expected, the loss for the year attributable to the owners of the Company for the year ended 30 June 2021 is higher than the estimated figures as stated in the announcement dated 22 July 2021.

Final dividends

The Board does not recommend the payment of final dividend for the year ended 30 June 2021 (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 30 June 2021, the Group had cash and cash equivalents of approximately RM85.3 million (2020: RM76.0 million), fixed deposits with maturity over three months of approximately RM5.2 million (2020: RM5.0 million) and pledged bank deposits of approximately RM9.8 million (2020: RM9.2 million). The increment is mainly due to the net financing cash inflows from withdrawal of bank loan during the year ended 30 June 2021. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and RM.

As at 30 June 2021, the Group had lease liabilities of approximately RM0.8 million (2020: RM1.3 million) carrying interest rate ranging from 3.1% to 8.2% (2020: ranging from 4.6% to 8.2%). As at 30 June 2021, the Group had bank loan of approximately RM10.6 million (2020: nil) carrying interest rate at 6.0% (2020: nil). All are denominated in RM. The Group had unutilised banking facilities of approximately RM56.4 million (2020: RM47.0 million).

The Group continued to maintain a healthy liquidity position. As at 30 June 2021, the current ratio remained stable at approximately 1.8 times (2020: 1.9 times). The gearing ratio increased from approximately 1.0% as at 30 June 2020 to approximately 9.3% as at 30 June 2021. Gearing ratio is calculated based on the total loans and borrowings (which represent bank loan and lease liabilities) divided by total equity at the end of the year. The increase of gearing ratio is mainly due to the increase of total bank loan and lease liabilities from approximately RM1.3 million as at 30 June 2020 to approximately RM11.4 million as at 30 June 2021.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or sell assets to reduce debt. No changes in the objective, policies or processes for managing capital were made during the year ended 30 June 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 year ended 30 June 2021.

Capital commitments

As at 30 June 2021, the Group had capital commitments of approximately RM0.2 million (2020: RM0.3 million).

Pledge of assets

As at 30 June 2021, pledged bank deposits of approximately RM9.8 million (2020: RM9.2 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.2 million (2020: RM7.0 million) related to performance bond. Pledged bank deposits related to performance bond includes (i) minimum amount of deposits pledged to a bank for a facility line for performance bond; (ii) sinking fund (calculated at 6% of the progress payment from the particular contract related to the corresponding performance bond); and (iii) interest income of deposits pledged to banks.

Deposits paid for acquisition of investment properties with carrying amount of approximately RM12.9 million (2020: nil) and investment properties with carrying amount of approximately RM2.2 million (2020: nil) as at 30 June 2021 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 30 June 2021, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM4.3 million (2020: 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 30 June 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 30 June 2021, approximately 48% (2020: 55%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 95% (2020: 96%) 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 years ended 30 June 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 is exposed to fair value interest rate risk in relation to the Group's fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities. The management of the Group considers that the Group's exposure from these fixed-rate short-term fixed deposits with maturity over three months, pledged bank deposits and lease liabilities to interest rate risk is not significant.

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

Foreign currency exchange risk

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

Price risk

The Group is exposed to price risk through its investments in an open-end unit trust measured at FVTPL. The management of the Group manages such risk exposure by maintaining a portfolio of different investments. The Group will consider hedging the risk exposure should the need arise.

For the risks and uncertainties facing the Group, please refer to the section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" in the 2020 annual report.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement, the Group did not hold any significant investments during the year ended 30 June 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 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the consolidated financial statements of this announcement, there were no other important events affecting the Group that have occurred since 30 June 2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, excluding the Directors, the total number of full-time employees of the Group was approximately 51 (2020: 62). The number of employees were adjusted with the consideration of expected workload of existing and upcoming contracts on hand and tight cost control policies.

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.

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 continuously affected the global economy and poses uncertainty on the future markets. The government of the operating jurisdictions has imposed different measures, policies, requirements and restrictions from time to time to reduce the impact of the spread of COVID-19 Outbreak. The industry competition becomes more intense with the number of projects available in the market reduced, postponed or cancelled. In addition, COVID-19 Outbreak caused 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. The Group's business performance, including revenue and profitability has been severely affected and it's hard to predict the time to recover given the long lasting COVID-19 pandemic persists. The Group therefore takes a conservative view over the Group's business and financial performance in the near future until the economy recovers and expects that a project awarded in Singapore would likely to contribute stable revenue to the Group in the near future. The Group is going to enter into the trading business of marine gas oil which is one of the essential consumable items for the vessels to perform the marine transportation business. The Group believes that this trading business of marine gas oil can help expand the business opportunity along the marine transportation value chain and improve the profit of the Group.

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, and at the same time strengthen our presence and market position in marine construction and building and infrastructure services industry by participating in different tenders actively, optimising our business models and diversifying our portfolios in Malaysia, Singapore and Hong Kong to maintain our market competitiveness. The Group will 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 10 May 2019 (the "**Listing Date**") up to 30 June 2021:

Use of net proceeds as at 30 June 2021	**Percentage of net proceeds** *%*	**Amount** *RM million*	**Amount utilised** *RM million*	**Actual balance as at 30 June 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 30 June 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.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the right to attend and vote at the annual general meeting, the register of members of the Company will be closed from 18 November 2021 to 23 November 2021, both days inclusive, during which no transfer of Shares of the Company will be registered. In order to be entitled to attend and vote at the annual general meeting, unregistered holders of Shares of the Company should ensure that all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 17 November 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2021 and up to the date of this announcement, the Board is of view that the Company had adopted and complied with all applicable code provisions set out in the Corporate Governance Code in the Appendix 14 to the Listing Rules ("**CG Code**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company adopted the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Company by the Directors. The Company had made specific enquiry with all the Directors and the Directors confirmed that they have complied with the required standard as set out in the Model Code regarding securities transactions by the Directors during the year ended 30 June 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 year ended 30 June 2021.

AUDIT COMMITTEE

The Company established the audit committee on 11 April 2019 with written terms of reference in compliance with Rules 3.21 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code as set out in the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Tai 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 annual results and the audit of the consolidated financial statements of the Group for the year ended 30 June 2021.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2021 as set out in the preliminary results announcement have been agreed by the Group's external auditors, Crowe Malaysia PLT, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2021.

The work performed by Crowe Malaysia PLT in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Accounting Standards Board and consequently no assurance has been expressed by Crowe Malaysia PLT on this preliminary results announcement.

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

This announcement is published on the respective websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.jbb.com.my***). The annual report for the year ended 30 June 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, 24 September 2021

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.