JBB BUILDERS INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1903)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

RESULTS HIGHLIGHTS

	Year ended 30 June		
	2022	2021	Increase
	RM'000	*RM'000*	*RM'000*
Revenue	**512,303**	141,040	371,263
Gross profit	**29,159**	6,678	22,481
Gross profit margin	**5.7%**	4.7%	1.0%
Reversal/(allowance) for impairment loss on trade receivables and contract assets	**627**	(5,093)	5,720
Profit/(loss) for the year attributable to owners of the Company	**12,527**	(9,416)	21,943
Total equity attributable to equity owners of the Company	**129,971**	114,047	15,924
Basic and diluted earnings/(loss) per Share *(Sen)*	**2.51**	(1.88)	4.39

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 2022 together with the comparative figures for the year ended 30 June 2021. 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 2022

	Notes	**2022** ***RM'000***	2021 *RM'000*
Revenue	*4*	**512,303**	141,040
Direct costs		**(483,144)**	(134,362)
Gross profit		**29,159**	6,678
Other revenue	*5*	**1,217**	1,172
Other net income/(loss)	*5*	**364**	(1,305)
Reversal/(allowance) for impairment loss on trade receivables and contract assets	*6(c)*	**627**	(5,093)
General and administrative expenses		**(12,879)**	(10,906)
Profit/(loss) from operations		**18,488**	(9,454)
Share of (loss)/profit of a joint venture		**(53)**	112
Finance costs	*6(a)*	**(1,677)**	(302)
Profit/(loss) before taxation	*6*	**16,758**	(9,644)
Income tax expenses	*8*	**(3,263)**	(1,815)
Profit/(loss) for the year		**13,495**	(11,459)
Other comprehensive income/(loss) for the year			
Items that will not be reclassified to profit or loss:			
Currency translation differences		**3,397**	(2,131)
Total comprehensive income/(loss) for the year		**16,892**	(13,590)
Profit/(loss) for the year attributable to:			
Owners of the Company		**12,527**	(9,416)
Non-controlling interests		**968**	(2,043)
		13,495	(11,459)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**15,924**	(11,547)
Non-controlling interests		**968**	(2,043)
		16,892	(13,590)
Earnings/(loss) per share *(Sen per share)*	*9*		
— Basic		**2.51**	(1.88)
— Diluted		**2.51**	(1.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment		**942**	1,400
Investment properties		**2,200**	2,200
Interest in a joint venture		**357**	410
Deposits paid for acquisition of investment properties	*10(a)*	**16,829**	18,243
Deposits paid for acquisition of property, plant and equipment		**189**	183
Deposits placed for life insurance policies	*10(b)*	**1,005**	978
Deferred tax assets		**373**	103
		21,895	23,517
Current assets			
Trade and other receivables	*11*	**139,959**	97,267
Contract assets	*12(a)*	**26,765**	45,479
Tax recoverable		**2,396**	2,251
Financial assets at fair value through profit or loss ("**FVTPL**")	*13*	**—**	1,045
Fixed deposits with maturity over three months		**5,299**	5,203
Pledged bank deposits		**12,561**	9,797
Cash and cash equivalents		**85,919**	85,309
		272,899	246,351
Current liabilities			
Trade and other payables	*14*	**137,165**	135,618
Contract liabilities	*12(b)*	**1,872**	124
Bank loans		**3,333**	2,675
Lease liabilities		**281**	289
Provision for taxation		**2,324**	383
		144,975	139,089
Net currents assets		**127,924**	107,262
Total assets less current liabilities		**149,819**	130,779
Non-current liabilities			
Bank loans		**10,316**	7,889
Lease liabilities		**243**	522
Deferred tax liabilities		**—**	—
		10,559	8,411
Net assets		**139,260**	122,368
Capital and reserves			
Share capital	*15*	**2,672**	2,672
Reserves		**127,299**	111,375
Total equity attributable to equity owners of the Company		**129,971**	114,047
Non-controlling interests		**9,289**	8,321
		139,260	122,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 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 "**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, building and infrastructure services, and trading business of marine gas oil. As at 30 June 2022, 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 confirmation 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 "**Listing Rules**").

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 2022 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.

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 2022 are the same as those presented in the preparation of the Group's annual financial statements for the year ended 30 June 2021.

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

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, buildings and infrastructure services, and trading business of marine gas oil.

(a) Disaggregation of revenue

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

Revenue from contracts with customers within the scope of IFRS 15

	2022	2021
	RM'000	*RM'000*
Construction contracts		
— Reclamation and related works	**49,520**	2,225
— Building and infrastructure	**7,502**	41,262
	57,022	43,487
Marine transportation	**411,870**	97,553
Marine gas oil	**43,411**	—
	512,303	141,040

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

As at 30 June 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately RM507,899,000 (2021: RM593,215,000). 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 2023 to 30 June 2026.

(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 works.

Trading business of marine gas oil

— The trading of marine gas oil.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administrative and corporate expenses, unallocated other revenue and other net income/(loss), finance costs and share of (loss)/profit 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 2022

	Marine construction					
	Reclamation and related works *RM'000*	Marine transportation *RM'000*	Building and infrastructure *RM'000*	Marine gas oil *RM'000*	Elimination of inter-segment revenue *RM'000*	Total *RM'000*
Revenue						
Revenue from external customers	49,520	411,870	7,502	43,411	—	512,303
Inter-segment revenue	8,249	—	—	—	(8,249)	—
Reportable segment revenue	57,769	411,870	7,502	43,411	(8,249)	512,303
Reportable segment profit	10,393	15,337	1,491	2,180	—	29,401
Unallocated central administrative and corporate expenses						(10,823)
Unallocated other revenue and other net income						(90)
Finance costs						(1,677)
Share of loss of a joint venture						(53)
Profit before taxation						16,758
Other segment information						
Depreciation	239	2	—	—	—	241
(Reversal)/allowance for impairment loss on trade receivables and contract assets	105	170	(977)	75	—	(627)
(Gain) on disposal of deposits paid for acquisition of investment properties	(1,265)	—	(293)	—	—	(1,558)
Impairment loss on deposits paid for acquisition of investment properties	48	—	—	—	—	48

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

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.

	2022 *RM'000*	2021 *RM'000*
Malaysia (place of domicile)	**94,871**	54,516
Singapore	**417,432**	86,524
	512,303	141,040

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

	2022 *RM'000*	2021 *RM'000*
Other revenue		
Interest income on financial assets measured at amortised cost	**841**	1,037
Handling service fee on provision of diesel	**14**	21
Others	**362**	114
	1,217	1,172
Other net income/(loss)		
Gain on disposal of deposits paid for acquisition of investment properties	**1,558**	787
Gain/(loss) on deposits placed for life insurance policies	**27**	(113)
Gain on disposal of property, plant and equipment	**11**	50
Net foreign exchange (loss)/gain	**(1,183)**	748
Impairment loss on deposits paid for acquisition of investment properties	**(48)**	(1,467)
Loss on disposal of financial assets at FVTPL	**(1)**	—
Impairment loss on property, plant and equipment	**—**	(745)
Fair value loss on investment properties	**—**	(510)
Fair value loss on financial assets at FVTPL	**—**	(55)
	364	(1,305)

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2022 *RM'000*	2021 *RM'000*
Imputed interest on contract assets	**1,090**	—
Interest on bank loans	**553**	267
Interest on lease liabilities	**34**	35
Total interest expenses on financial liabilities not at fair value through profit or loss	**1,677**	302

(b) Staff costs (including Directors' emoluments)

	2022 *RM'000*	2021 *RM'000*
Salaries, wages and other benefits	**7,665**	6,866
Contributions to defined contribution retirement plan	**669**	601
	8,334	7,467
Less: Amount included in direct costs	**(1,005)**	(501)
	7,329	6,966

(c) Other items

	2022 *RM'000*	2021 *RM'000*
Depreciation charge		
— owned property, plant and equipment	**309**	2,397
— right-of-use assets	**257**	486
	566	2,883
Less: Amount included in direct costs	**(1)**	(2,313)
	565	570
Short-term lease expenses	**670**	549
Less: Amount included in direct costs	**(482)**	(380)
	188	169
(Reversal)/allowance for impairment loss on trade receivables and contract assets	**(627)**	5,093
Auditors' remuneration	**372**	364
(Gain) on disposal of deposits paid for acquisition of investment properties	**(1,558)**	(787)
(Gain)/loss on deposits placed for life insurance policies	**(27)**	113
(Gain) on disposal of property, plant and equipment	**(11)**	(50)
Net foreign exchange loss/(gain)	**1,183**	(748)
Impairment loss on deposits paid for acquisition of investment properties	**48**	1,467
Loss on disposal of financial assets at FVTPL	**1**	—
Impairment loss on property, plant and equipment	**—**	745
Fair value loss on investment properties	**—**	510
Fair value loss on financial assets at FVTPL	**—**	55

7. DIVIDENDS

The Board does not recommend to declare any final dividend for the year ended 30 June 2022 (2021: nil).

8. INCOME TAX EXPENSES

	2022	2021
	RM'000	*RM'000*
Current tax		
Malaysia corporate income tax	**1,067**	9
Singapore corporate income tax	**2,272**	383
Withholding tax on payment made to non-resident in Malaysia	**129**	194
	3,468	586
Under provision in prior years	**65**	56
Deferred tax		
Origination and reversal of temporary differences	**(270)**	1,173
Income tax expenses for the year	**3,263**	1,815

(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 2022 and 2021.

(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 2022 and 2021.

(iv) Corporate income tax in Singapore is calculated at the statutory rate of 17% of the estimated taxable profit for the years ended 30 June 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 for the years ended 30 June 2022 and 2021.

9. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to owners of the Company of approximately RM12,527,000 (2021: loss attributable to owners of the Company of approximately RM9,416,000) and the weighted average of 500,000,000 ordinary shares (2021: 500,000,000 ordinary shares) in issue during the year ended 30 June 2022.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence during the years ended 30 June 2022 and 2021.

10. DEPOSITS

(a) Deposits paid for acquisition of investment properties

During the year ended 30 June 2022, the Group entered into deeds of settlement with 3 subcontractors, all independent third parties to the Group, pursuant to which trade payables due to these subcontractors by the Group with total amount of approximately RM4,974,000 are deemed to be settled by the assignment of 2 properties located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia and 2 properties located in the area of Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia of approximately RM5,063,000 in aggregate beneficially owned by the Group to the subcontractors or its nominees with the differences of approximately RM89,000 settled by the nominee of one of the subcontractors in cash and cash equivalents. A gain on disposal (including the impact of the related tax) of approximately RM1,558,000 were recognised and the carrying amount of the deposits paid for the abovementioned properties amounted to approximately RM3,425,000 were derecognised during the year ended 30 June 2022.

During the year ended 30 June 2022, the Group entered into a deed of settlement with a customer ("**Customer A**"), and a developer (the "**Developer**"), a related party of Customer A and an independent third party to the Group, pursuant to which contract assets owing from Customer A to the Group with total amount of approximately RM2,059,000 are deemed to be settled by the assignment of 8 properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia of approximately RM2,059,000 in aggregate owned by the Developer to the Group. 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 2022. Accordingly, contract assets of approximately RM2,059,000 were derecognised and deposits paid for acquisition of investment properties were recognised as non-current assets until the title of the properties are transferred.

During the year ended 30 June 2021, the Group entered into deeds of settlement with 4 subcontractors, pursuant to which trade payables due to the these subcontractors by the Group with total amount of approximately RM6,845,000 are deemed to be settled by the assignment of 10 properties located in the area of Mukim of Pengerang, Kota Tinggi, Johor, Malaysia of approximately RM5,750,000 in aggregate beneficially owned by the Group to the subcontractors. A gain on disposal (including the impact of the related tax) of approximately RM787,000 were recognised and 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 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 located in the area of Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia of approximately RM3,365,000 in aggregate 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 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 RM48,000 (2021: RM1,467,000) were recognised. The valuation of recoverable amount of deposits paid for acquisition of investment properties as at 30 June 2022 and 2021 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 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 2022, the amount of deposits paid for acquisition of investment properties represents the consideration paid for the acquisition of 36 (2021: 32) investment properties being developed in Malaysia. 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.

	Properties located in the area of Mukim of Pengerang and Mukim of Pantai Timur, Kota Tinggi, Johor, Malaysia.		Properties located in the area of Mukim of Tanjung Kupang, District of Johor Bahru, State of Johor, Malaysia		Properties located in the area of Mukim of Tebrau, District of Johor Bahru, State of Johor, Malaysia		Total	
	No.	*RM'000*	*No.*	*RM'000*	*No.*	*RM'000*	*No.*	*RM'000*
At 1 July 2020	40	22,095	—	—	—	—	40	22,095
Additions	—	—	2	3,365	—	—	2	3,365
Disposals	(10)	(5,750)	—	—	—	—	(10)	(5,750)
Impairment loss	N/A	(202)	N/A	(1,265)	—	—	N/A	(1,467)
At 30 June 2021	**30**	**16,143**	**2**	**2,100**	**—**	**—**	**32**	**18,243**
Additions	**—**	**—**	**—**	**—**	**8**	**2,059**	**8**	**2,059**
Disposals	**(2)**	**(1,325)**	**(2)**	**(2,100)**	**—**	**—**	**(4)**	**(3,425)**
Impairment loss	**N/A**	**—**	**N/A**	**—**	**N/A**	**(48)**	**N/A**	**(48)**
At 30 June 2022	**28**	**14,818**	**—**	**—**	**8**	**2,011**	**36**	**16,829**
Valuation performed as at 30 June 2022		CBRE WTW Valuation & Advisory Sdn. Bhd.* (2021: CBRE WTW Valuation & Advisory Sdn. Bhd.*)		N/A (2021: CBRE WTW Valuation & Advisory Sdn. Bhd.*)		KGV International Property Consultant (Johor) Sdn. Bhd. (2021: N/A)		
Status of the properties as at 30 June 2022 and 2021		Completed		Completed		Completed		
Tenure of land		Leased for a term of 99 years till 2115 to 2116		Interest in perpetuity		Interest in perpetuity		
Built-up area as at 30 June 2022 (approximate square feet)		64,180 (2021: 69,925)		N/A (2021: 4,068)		4,064 (2021: N/A)		

* Formerly known as C H Williams Talhar & Wong Sdn. Bhd.

As at 30 June 2022, deposits paid for acquisition of investment properties of approximately RM12,911,000 (2021: RM12,911,000) have been pledged to a bank as security for a bank facility granted to the Group.

(b) Deposits placed for life insurance policies

	RM'000
At 1 July 2020	287
Additions	804
Loss on deposits placed for life insurance policies	(113)
At 30 June 2021	978
Gain on deposits placed for life insurance policies	27
At 30 June 2022	1,005

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 loans 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 loans 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 received based on the cash surrender value of the Policy 2020 at the date of withdrawal.

As at 30 June 2022 and 2021, the directors of the Company expect that the Policy 2021 and 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. The directors of the Company consider that the expected life of the Policy 2021 and 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

		2022	2021
	Note	***RM'000***	*RM'000*
Trade receivables		**142,102**	99,670
Less: allowance for doubtful debts		**(7,763)**	(7,487)
	(i)	**134,339**	92,183
Deposits, prepayments and other receivables	*(ii)*	**5,620**	5,084
		139,959	97,267

Notes:

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

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

Aging analysis of trade receivables

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

	2022	2021
	RM'000	*RM'000*
Within 30 days	**51,698**	37,889
31 to 60 days	**17,422**	1,417
61 to 90 days	**22,657**	1,761
Over 90 days	**42,562**	51,116
	134,339	92,183

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

12. CONSTRUCTION CONTRACTS

(a) Contract assets

The Group's contract assets are analysed as follows:

	2022	2021
	RM'000	*RM'000*
Contract assets		
Arising from performance under construction contracts	**10,460**	24,166
Retention receivables	**16,305**	21,313
	26,765	45,479
Gross carrying amount	**28,105**	46,631
Less: loss allowance	**(250)**	(1,152)
Less: imputed interest	**(1,090)**	—
	26,765	45,479
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 11)*	**134,339**	92,183

As at 30 June 2022, the amounts of approximately RM8,925,000 (2021: RM6,596,000) included in the contract assets are expected to be recovered after more than one year, all of which related to retention.

(b) Contract liabilities

	2022	2021
	RM'000	*RM'000*
Contract liabilities		
Construction contracts		
— Billings in advance of performance	**1,872**	124

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.

During the year ended 30 June 2022, the Group disposed of financial assets at FVPTL with an aggregate carrying amount of approximately RM1,045,000 for cash proceeds of approximately RM1,044,000, resulting in a loss on disposal of approximately RM1,000.

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

14. TRADE AND OTHER PAYABLES

		2022	2021
	Note	***RM'000***	*RM'000*
Trade payables		**123,095**	118,204
Other payables and accruals	*(i)*	**1,123**	1,030
Retention payables	*(ii)*	**12,947**	16,384
		137,165	135,618

Notes:

(i) The amount of other payables and accruals included amount due to a joint venture of approximately RM11,000 (2021: RM11,000) which was unsecured, non-trade and repayable on demand as at 30 June 2022.

(ii) Except for the amounts of approximately RM2,321,000 (2021: RM5,559,000) included in the retention payables as at 30 June 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:

	2022	2021
	RM'000	*RM'000*
Within 30 days	**56,152**	60,869
31 to 90 days	**29,069**	3,715
Over 90 days	**37,874**	53,620
	123,095	118,204

15. SHARE CAPITAL

Authorised ordinary shares of HK$0.01 each:

	No. of shares	**Amount**
		RM'000
At 1 July 2020, 30 June 2021 and 30 June 2022	2,000,000,000	10,535

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

	No. of shares	**Amount**
		RM'000
At 1 July 2020, 30 June 2021 and 30 June 2022	500,000,000	2,672

16. CAPITAL COMMITMENTS

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

	2022	2021
	RM'000	*RM'000*
Equipment	**193**	187

17. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 22 June 2022, the Group entered into an agreement with Bukit Pelali Properties Sdn. Bhd. ("**Bukit Pelali**"), one of the customers and an independent third party to the Group, and Astaka Padu Sdn. Bhd. ("**Astaka Padu**"), a related party of Bukit Pelali and an independent third party to the Group, pursuant to which the Group had conditionally agreed to settle the trade receivables and contract assets owing from Bukit Pelali to the Group with total amount of approximately RM58,983,000 by way of (i) accepting 20 properties located in the Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia with value of approximately RM41,620,000 in aggregate owned by Astaka Padu ("**Contra Properties**") by way of contra and set-off; and (ii) accepting 22 monthly instalments of approximately RM17,363,000 in aggregate to be paid by Bukit Pelali with 9 properties located in the Mukim of Plentong, District of Johor Bahru, State of Johor, Malaysia owned by Astaka Padu held for security (the "**Master Supplemental Agreement**"). The Master Supplemental Agreement are conditional upon all the conditions precedent set out in the Master Supplemental Agreement having been obtained and fulfilled by 31 October 2022.

As at 30 June 2022, trade receivables and contract assets owed by Bukit Pelali were approximately RM42,322,000 and RM15,109,000 respectively and were included in as disclosed in notes 11 and 12(a) to the consolidated financial statements, respectively. Upon the fulfillment of the conditions precedent set out in the Master Supplemental Agreement by 31 October 2022 and completion of the transfer of the Contra Properties, trade receivables of approximately RM41,620,000 will be set off by the recognition of non-current deposits paid for acquisition of investment properties for the transfer of the Contra Properties of approximately RM41,620,000 measured at carrying value. It will be recognised as investment properties after the transfer of the title of the Contra Properties subject to fair value measurement with impact reflected in profit or loss in future.

As at the date of this announcement, the conditions precedent have not been obtained and fulfilled.

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 year ended 30 June 2022, the Group had completed a total of 3 marine construction contracts, which are marine transportation contracts with original contract sum in aggregate of approximately RM123.8 million (including a partially completed contract in earlier years which was mutually terminated by the Group and the customer in the contract since there is no further instruction received from the contract's ultimate customer for the delivery of sand), and total of 2 building and infrastructure contracts with original contract sum in aggregate of approximately RM0.1 million.

As at 30 June 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 RM681.2 million (including estimated original contract sum of contracts which stated at unit rate), and 4 ongoing building and infrastructure contracts with original contract sum in aggregate of approximately RM263.3 million. Moreover, the Group also commenced trading business of marine gas oil with several customers in Malaysia and Singapore who are our existing subcontractors since October 2021.

As at 30 June 2021, there were a total of 6 tenders and 4 quotations with expected contract sum in aggregate of approximately RM723.2 million submitted (including the revised quotation submitted subsequently). As at 30 June 2021, the results of the said tenders and quotations had not yet released. During the year ended 30 June 2022, the Group had submitted 3 tenders and 9 quotations for marine construction contracts and 2 tenders and 4 quotations for building and infrastructure contracts with original contract sum in aggregate of approximately RM711.4 million, and the Group had been awarded 7 contracts with original contract sum in aggregate of approximately RM58.2 million. As at 30 June 2022, there were 3 tenders with expected contract sum in aggregate of approximately RM283.6 million submitted but still no results returned.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately RM371.3 million or 263.3% from approximately RM141.0 million for the year ended 30 June 2021 to approximately RM512.3 million for the year ended 30 June 2022. The substantial increase in revenue is mainly attributable to (i) the substantial increase in volume of work for reclamation and related works generated from new contracts awarded during the year ended 30 June 2022; (ii) the substantial increase in volume of sand transported generated from a Singapore marine transportation contract secured in June 2020; (iii) the commencement of trading business of marine gas oil since October 2021; and (iv) the upward adjustment impact from the finalisation of a final account in relation to reclamation and related works, while partially offsetting by the decrease in volume of work for building and infrastructure services following the completion of certain contracts. Such contractual volume of work contributed to a substantial portion of our total volume of work for the year ended 30 June 2021.

Marine construction services

Revenue from marine construction services represented approximately 90.1% of the total revenue for the year ended 30 June 2022. It increased by approximately RM361.6 million or 362.3% from approximately RM99.8 million for the year ended 30 June 2021 to approximately RM461.4 million for the year ended 30 June 2022.

Revenue from reclamation and related works, which represented approximately 10.7% of the total revenue from marine construction services for the year ended 30 June 2022, increased by approximately RM47.3 million or 2,150.0% from approximately RM2.2 million for the year ended 30 June 2021 to approximately RM49.5 million for the year ended 30 June 2022. Such increase was mainly due to the increase of volume of work performed for the new contracts awarded during the year ended 30 June 2022 and the upward adjustment impact from the finalisation of a final account.

Revenue from marine transportation, which represented approximately 89.3% of the total revenue from marine construction services for the year ended 30 June 2022, increased by approximately RM314.3 million or 322.0% from approximately RM97.6 million for the year ended 30 June 2021 to approximately RM411.9 million for the year ended 30 June 2022. Such increase was mainly due to the increase of volume of sand transported generated from a Singapore contract secured in June 2020, contracts newly awarded and additional variation order received from customers.

Building and infrastructure services

Revenue from building and infrastructure services represented approximately 1.4% of the total revenue for the year ended 30 June 2022. Revenue from building and infrastructure services decreased by approximately RM33.8 million or 81.8% from approximately RM41.3 million for the year ended 30 June 2021 to approximately RM7.5 million for the year ended 30 June 2022. Such decrease was mainly due to (i) the completion of certain contracts which contributed to a substantial portion of the revenue for the year ended 30 June 2021 leaving only few revenue-generating building and infrastructure services contracts for the year ended 30 June 2022; and (ii) scheduled construction works were postponed due to change of drawing design and site conditions, and bad weather conditions for the year ended 30 June 2022.

Trading business of marine gas oil

The Group commenced the trading business of marine gas oil since October 2021 and believes that this trading business of marine gas oil can help expand business opportunities along the marine transportation value chain and improve profitability of the Group. The Group generated revenue of approximately RM43.4 million from this trading business of marine gas oil, and represented approximately 8.5% of the total revenue for the year ended 30 June 2022.

Gross profit and gross profit margin

Gross profit increased by approximately RM22.5 million or 335.8% from approximately RM6.7 million for the year ended 30 June 2021 to approximately RM29.2 million for the year ended 30 June 2022. The overall gross profit margin increased from approximately 4.7% for the year ended 30 June 2021 to approximately 5.7% for the year ended 30 June 2022.

The improvement of gross profit is mainly due to the increase in revenue as abovementioned while netting off the impact of increase in subcontracting costs and continuously incurred fixed direct cost. However, the persistently low gross profit margin is mainly due to (i) as a result of increased market competition, a Singapore contract was entered into with a lower contractual value than those entered into in the past; (ii) low gross profit margin for trading business of marine gas oil; (iii) increase in subcontracting costs; and (iv) continuous incurrence of fixed direct cost under the segment of reclamation and related works.

Other revenue

Other revenue was approximately RM1.2 million for the years ended 30 June 2022 and 2021. There was a slight decrement which was mainly due to the decrease in interest income on deposits placed in the Group's banks in Hong Kong and Malaysia as a result of the decrease in bank interest rates for the year ended 30 June 2022. However, such decrement was partially offset by the claims from insurance received by the Group.

Other net income/(loss)

Other net income was approximately RM0.4 million for the year ended 30 June 2022. It mainly included (i) the recognition of gain on disposal of deposits paid for acquisition of investment properties of approximately RM1.6 million arising from the assignment of 4 investment properties beneficially owned by the Group under deeds of settlement; and (ii) recognition of the foreign exchange loss of approximately RM1.2 million arising from the translation of foreign currency denominated balances into Ringgit Malaysia.

Other net loss was approximately RM1.3 million for the year ended 30 June 2021, which 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; and (vi) recognition of the net foreign exchange gain of approximately RM0.7 million arising from the translation of foreign currency denominated balances into Ringgit Malaysia.

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

During the year ended 30 June 2022, the Group entered into an agreement with one of the major long outstanding customers with trade receivables and contract assets owing to the Group of approximately RM57.4 million as at 30 June 2022, including approximately RM11.7 million overdue more than 2 years. The loss allowance recognised in respect of this customer has been increased from approximately RM3.2 million for the year ended 30 June 2021 to approximately RM3.3 million for the year ended 30 June 2022. Such increase arose from the increase of the balances netting off the impact from the decreased expected loss rate.

Taking into account of the decrease in balances of trade receivables past due over 6 months to 2 years and the decrease in 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 RM0.6 million was recognised for the year ended 30 June 2022 while impairment loss of approximately RM5.1 million was recognised for the year ended 30 June 2021.

General and administrative expenses

General and administrative expenses increased by approximately RM2.0 million or 18.3% from approximately RM10.9 million for the year ended 30 June 2021 to approximately RM12.9 million for the year ended 30 June 2022. Such increase was mainly due to the increment of staff costs arising from the increase of staff bonus provided to employees, increment of legal and professional fees incurred and increment of donations incurred.

Finance costs

Finance costs increased from approximately RM0.3 million for the year ended 30 June 2021 to approximately RM1.7 million for the year ended 30 June 2022 due to the full year impact of interest expenses incurred from the term loan withdrawn during the year ended 30 June 2021 and the recognition of imputed interest on contract assets of approximately RM1.1 million arising from entering into the Master Supplemental Agreement in which part of the balances owing from a customer will be settled by instalments in more than one year.

Income tax expenses

Income tax expenses of approximately RM3.3 million was recorded for the year ended 30 June 2022 as compared with approximately RM1.8 million for the year ended 30 June 2021. The increase was mainly due to the increment of taxable profit for the year ended 30 June 2022 as compared with the year ended 30 June 2021.

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

Due to the abovementioned items, the Group reported profit attributable to owners of the Company of approximately RM12.5 million for the year ended 30 June 2022 while recorded loss attributable to owners of the Company of approximately RM9.4 million for the year ended 30 June 2021.

Final dividends

The Board does not recommend to declare any final dividend for the year ended 30 June 2022 (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 30 June 2022, the Group had cash and cash equivalents of approximately RM85.9 million (2021: RM85.3 million), fixed deposits with maturity over three months of approximately RM5.3 million (2021: RM5.2 million) and pledged bank deposits of approximately RM12.6 million (2021: RM9.8 million). The increment is mainly due to the positive effect of foreign exchange rate changes netting off the net cash outflows during the year ended 30 June 2022. All are denominated in Hong Kong dollars, United States dollars, Singapore dollars and Ringgit Malaysia.

As at 30 June 2022, the Group had lease liabilities of approximately RM0.5 million (2021: RM0.8 million) carrying interest rate ranging from 3.1% to 8.2% (2021: ranging from 3.1% to 8.2%). As at 30 June 2022, the Group had bank loans of approximately RM13.6 million (2021: RM10.6 million) carrying interest rate at 6.2% (2021: 6.0%). All are denominated in RM. The Group had unutilised banking facilities of approximately RM50.7 million (2021: RM56.4 million).

The Group continued to maintain a healthy liquidity position. As at 30 June 2022, the current ratio remained stable at approximately 1.9 times (2021: 1.8 times). The gearing ratio increased from approximately 9.3% as at 30 June 2021 to approximately 10.2% as at 30 June 2022. Gearing ratio 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 year. The increase of gearing ratio is mainly due to the increase of total bank loans and lease liabilities from approximately RM11.4 million as at 30 June 2021 to approximately RM14.2 million as at 30 June 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 year ended 30 June 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 year ended 30 June 2022.

Capital commitments

As at 30 June 2022, the Group had capital commitments of approximately RM0.2 million (2021: RM0.2 million).

Pledge of assets

As at 30 June 2022, pledged bank deposits of approximately RM12.6 million (2021: RM9.8 million) have been pledged to banks as security for banking facilities granted to the Group with approximately RM7.3 million (2021: RM7.2 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 bond; (ii) sinking fund (calculated at 6%-7.15% 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 (2021: RM12.9 million) and investment properties with carrying amount of approximately RM2.2 million (2021: RM2.2 million) as at 30 June 2022 was pledged to a bank as security for bank facilities granted to the Group.

Contingent liabilities

As at 30 June 2022, the Group had contingent liabilities in respect of performance bonds for contracts in favour of customers of approximately RM2.4 million (2021: RM4.3 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 30 June 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 has 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 has significant exposure to individual customers. As at 30 June 2022, approximately 36% (2021: 48%) of the total gross trade receivables and contract assets was due from the Group's largest customer and approximately 91% (2021: 95%) of the total gross trade receivables and contract assets were due from the Group's five largest customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts. Normally, the Group does not obtain collateral from customers.

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

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix.

Expected loss rates are based on actual loss experience over the past 2 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. For the years ended 30 June 2022 and 2021, 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 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 facing the Group, please refer to the section headed "Principal risks and uncertainties facing the Group" under the "Directors' Report" in the 2021 annual report.

SIGNIFICANT INVESTMENTS HELD

On 22 June 2022, the Group entered into the Master Supplemental Agreement with Bukit Pelali and Astaka Padu, pursuant to which, the Group had conditionally agreed to settle the outstanding contract sum in the total amount of approximately RM59.0 million owed to the Group payable by Bukit Pelali by way of (i) accepting twenty (20) properties from Astaka Padu by way of contra and set-off; and (ii) accepting the monthly installments to be paid by Bukit Pelali to the Group. For details, please refer to the announcements dated 22 June 2022, 15 July 2022 and 30 August 2022, circular dated 19 July 2022, and note 17 to the consolidated financial statements of this announcement.

Save as disclosed in this announcement, the Group did not hold any significant investments during the year ended 30 June 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 and this announcement, the Group did not have other plans for material investments and capital assets as at 30 June 2022.

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 2022.

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 2022 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, excluding the Directors, the total number of full-time employees of the Group was approximately 57 (2021: 51). 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 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 lingering COVID-19 pandemic remains a drag 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. To comply with them, not only were the scheduled construction works disrupted, but also the commencement of construction contracts was postponed. The said impediments exposed the Group to 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. The Group will (i) continuously comply with relevant anti-COVID-19 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; and (iii) implement appropriate business strategies to mitigate the potential adverse impact on our business operations and financial performance.

On the other hand, the increase of the construction costs and cost of marine gas oil as a result of the continuous increase of diesel price, coupled with shortage of labour force and increase of minimum wages 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 prudence 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 during the year ended 30 June 2022. 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. Considering (i) the upcoming commencement of one of our contracts awarded before the pandemic; and (ii) the government's launch of building and infrastructure works which were suspended during the lockdown, the Group believes these events will be beneficial to the Group's future business. In addition, the Group expects the market on reclamation will gradually revive and the sand transportation activities in Malaysia and Singapore will increase.

Moving forward, the Group will continuously monitor the market development to stay abreast of business opportunities of the operating countries. The Group will also optimise our business models and portfolios to solidify our market competitiveness by participating in different tenders actively. At the same time, the Group will leverage its financial position, extensive network from our management, strong quality management system and resources available to implement the future plans cautiously 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 30 June 2022:

Use of net proceeds as at 30 June 2022	**Percentage of net proceeds** *%*	**Amount** *RM million*	**Amount utilised** *RM million*	**Actual balance as at 30 June 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 2023
Recruiting and expanding management team for the building and infrastructure works	**3.4**	**2.1**	**(0.4)**	**1.7**	By June 2024
Working capital and general corporate purposes	**7.4**	**4.6**	**(4.6)**	—	N/A
	100.0	**62.6**	**(9.2)**	**53.4**	

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 2022, approximately RM53.4 million (representing approximately 85.3% 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.

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.

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 17 November 2022 to 22 November 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 16 November 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2022 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 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 year ended 30 June 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 annual results and the audit of the consolidated financial statements of the Group for the year ended 30 June 2022.

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 2022 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 2022.

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 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, 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, 23 September 2022

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