

IPO FACT SHEET

JBB Builders International Limited (1903)

ISSUE STATISTICS

Offer Size:	HK\$147.5m - HK\$172.5m
Placement Tranche:	125m
Price:	HK\$1.18-HK\$1.38
Board lot:	2,000
Entry fee:	HK\$2,787.81
Historical PE	9.28-10.86x
Net tangible asset per share:	HK\$0.40-HK\$0.44
Market Cap (post-IPO):	HK\$590m- HK\$690m
Open:	25 Apr 2019
Close:	12.00 noon on 30 Apr 2019
Trading:	10 May 2019
Sponsor:	Alliance Capital Partners Limited

Year ended 30 Jun	(RM'000)	yoy % chg
Revenue		
2017	514,071	82.5%
2018	537,816	4.6%
Profit and other comprehensive income for the year / period		
2017	26,814	37.5%
2018	31,768	18.5%

BACKGROUND

- Their Group is an established engineering contractor based in Malaysia.
- Their business is divided into two major types of services:
 - Marine construction services — their 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.
 - (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 — their services include general building works in construction of properties and infrastructure works.
- According to the Ipsos Report, they are one of the key active players (i.e. industry players that are actively participating in the works of reclamation in Malaysia with over 10% market share based on the provision of land reclamation services in 2016) in the marine construction industry in Johor, Malaysia. From 2013 to 2017, their Company had reclaimed land estimated to be approximately 41.5% in terms of total land areas reclaimed for the state of Johor and their Group's market share in the marine construction industry in Johor was estimated to be approximately 33.0% based on the provision of land reclamation services and ranked first among the key active industry players in Johor in 2016.
- Their Group's market share was estimated to be approximately 3.47% in the marine construction industry in Malaysia for 2017.
- Their operations are mostly based in Johor, the second-most populous state in Malaysia.

BUSINESS STRATEGY AND FUTURE PLANS

- Expanding and investing in procuring their own vessel and new machineries.
- Continuing to strengthen their presence and market position in marine construction industry in Malaysia, in particular in Johor.
- Enhancing their operational efficiency.

- Expanding their capacity to capture attractive growth opportunities in building and infrastructure works.

COMPETITIVE STRENGTHS

- They are one of the key marine construction players in Malaysia with a track record in undertaking large-scale marine construction contracts.
- They have an experienced management team with in-depth background and knowledge in the industry.
- They have the ability to provide suitable solutions with strong execution capabilities to their customers.
- They have stable relationships with their key customers.
- Their extensive network of major suppliers and subcontractors.

KEY RISKS

- Their Group had a concentration of customers during the Track Record Period.
- A major part of their revenue and profits is from marine construction contracts in relation to a sizeable project, the Forest City Project, during the Track Record Period.
- Their future profitability are dependent on their contracts on hand and their ability to secure new contracts, and on the complexity of the contract works which may have impact on profit margin.
- Reliance on third party subcontractors in executing their contracts.
- If they fail to accurately estimate their costs or fail to execute contracts within their cost estimates, their operations and financial performance may be adversely affected.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation (%)
Will be used for the full settlement of consideration for acquiring one rebuilt sand carrier from one of their existing subcontractors for marine transportation services.	80.00	57.9%
Will be used for purchasing new landbased machineries.	10.10	7.3%
Will be used for satisfying performance bonds requirement of prospective projects.	32.40	23.4%
Will be used for upgrading their information technology and project management systems.	0.80	0.6%
Will be used for recruiting and expanding management team for their building and infrastructure works.	4.70	3.4%
Will be used for working capital purposes and for general corporate purposes.	10.20	7.4%
Total:	138.20	100.00%

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