

# TARGET

## Intelligence Report

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### **JBB BUILDERS INTERNATIONAL LTD: STANDBY: A FINANCIAL RETROGRADE STEP IS IN THE OFFING !**

#### **Management Had To Pass Round The Begging Bowl In Order To Raise \$HK15 Million To Cover Costs For This IPO**

For the Current Financial Year, ending June 30, 2019, Management of JBB Builders International Ltd (Code: 1903, Main Board, The Stock Exchange of Hongkong Ltd) is anticipating that the Net Profit Attributable to Shareholders shall be, in Senior Management's opinion: *'Negatively affected.'*

Translation of *'Negatively affected'*: There shall be a material decrease in the 2019-Year's Bottom Line, compared with the Net Profit Attributable to Shareholders in respect of the previous Financial Year.

JBB Builders International Ltd is, yet, another company that has been, historically, *'putting all (or most) of its eggs into one basket'*, to be bromidic, and today, Senior Management is reaping the whirlwind that it sowed in past years.

So much so is this the case that the Company was forced to borrow \$HK15 million in order to assuage a goodly part of the costs in respect of its plan to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

#### **The Initial Public Offering (IPO) Of JBB Builders International Ltd**

JBB Builders International Ltd pitched its story in its Global Offering Prospectus, dated Thursday, April 25, 2019.

The Company Offered a total of 125 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK1.18 to a high of \$HK1.38.

Investors of the HKSAR were Offered the opportunity to subscribe for 62.50 million Shares and International Investors – Institutional Investors, Professional Investors and select, Well-Heeled Investors, along with the corporate entities in which they had control – were Offered the equal number of 62.50 million Shares, via Placements.

On Thursday, May 9, 2019, Management announced that the Offer Price had been struck at the lowest level of the Indicative Offer Price Per Share: \$HK1.18.

In the public announcement with regard to the Offer Price and the Allotment Results, it was stated that Management estimated that it would net about \$HK126.10 million from the Global Offering of Shares.

At Pages Seven and Eight of this announcement, how the net proceeds from the Global Offering were expected to be utilised was given as follows:

- Approximately, \$HK73.00 million, that is about 57.90 percent, *‘will be used for the full settlement of consideration for acquiring one rebuilt sand carrier from one of our existing subcontractors for marine transportation services’*;
- Approximately, \$HK9.20 million, that is about 7.30 percent, *‘will be used for purchasing new land-based machineries’* (sic);
- Approximately, \$HK29.60 million, that is about 23.40 percent, *‘will be used for satisfying performance bonds requirement of prospective projects’*;
- Approximately, \$HK0.70 million, that is about 0.60 percent, *‘will be used for upgrading our information technology and project management systems’*;
- Approximately, \$HK4.30 million, that is about 3.40 percent, *‘will be used for recruiting and expanding management team for our building and infrastructure works’*; and,
- Approximately, \$HK9.30 million, that is about 7.40 percent, *‘will be used for working capital purposes and for general corporate purposes.’*

#### **The Business Of JBB Builders International Ltd**

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