TBK & Sons Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1960)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

The board (the "**Board**") of directors (the "**Directors**") of TBK & Sons Holdings Limited (the "**Company**") announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2022 (the "**Financial Year**") together with the comparative figures for the year ended 30 June 2021.

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	5	**825,908**	189,081
Cost of sales		**(795,026)**	(175,784)
Gross profit		**30,882**	13,297
Other income, net		**2,289**	2,685
Selling and distribution expenses		**(1,318)**	–
Administrative expenses		**(17,718)**	(13,118)
Finance costs	6	**(496)**	(485)
Share of loss of an associate, net of tax		**(147)**	(182)
Profit before income tax expense	7	**13,492**	2,197
Income tax expense	8	**(2,952)**	(1,595)
Profit for the year		**10,540**	602
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences on translation of foreign operations		**2,454**	(2,332)
Total comprehensive income for the year		**12,994**	(1,730)

	Notes	**2022**	2021
		RM'000	*RM'000*
Profit attributable to:			
— Owners of the Company		**10,402**	602
— Non-controlling interests		**138**	–
		10,540	602
Total comprehensive income attributable to:			
— Owners of the Company		**12,856**	(1,730)
— Non-controlling interests		**138**	–
		12,994	(1,730)
Earnings per share	*9*		
— Basic (RM)		**1.04 sen**	0.06 sen
— Diluted (RM)		**1.04 sen**	0.06 sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 RM'000	2021 RM'000
Non-current assets			
Property, plant and equipment		**24,642**	20,226
Intangible assets		**577**	–
Interest in an associate		**121**	268
Deferred tax assets		**–**	321
		25,340	20,815
Current assets			
Trade receivables, other receivables, deposits and prepayments	*11*	**102,296**	31,541
Contract assets	*12*	**30,046**	23,051
Amount due from an associate		**54**	–
Pledged time deposits and bank balances		**6,325**	14,640
Cash and cash equivalents		**74,156**	72,615
Tax recoverable		**2,947**	1,952
		215,824	143,799
Asset held for disposal		**214**	–
		216,038	143,799
Current liabilities			
Trade and other payables	*13*	**22,969**	14,021
Contact liabilities		**53,735**	3,884
Lease liabilities		**3,878**	1,767
Bank borrowings		**2,614**	2,891
Tax payable		**726**	7
		83,922	22,570
Net current assets		**132,116**	121,229
Total assets less current liabilities		**157,456**	142,044

	Notes	**2022**	2021
		RM'000	*RM'000*
Non-current liabilities			
Lease liabilities		**3,399**	1,360
Bank borrowings		**1,215**	1,974
Deferred tax liabilities		**3**	–
		4,617	3,334
NET ASSETS		**152,839**	138,710
Equity			
Share capital	*14*	**5,300**	5,300
Reserves		**146,266**	133,410
Equity attributable to owners of the Company		**151,566**	138,710
Non-controlling interests		**1,273**	–
TOTAL EQUITY		**152,839**	138,710

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 liability on 8 November 2018 under the Companies law of the Cayman Islands. The address of the Company's registered office is at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its address of principal place of business in Hong Kong and Malaysia are located at Unit 1903, 19/F., West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong and Lot 333, Kampung Paya, Batu 2 Jalan Seremban, Port Dickson, Negeri Sembilan, Malaysia, respectively. On 30 September 2019, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of civil and structural works in Malaysia and the People's Republic of China (the "**PRC**") and trading of oil and related products in the PRC. The ultimate holding company of the Company is TBK & Sons International Limited which is incorporated in the British Virgin Islands. The controlling shareholders of the Company are Mr. Tan Hun Tiong and Mr. Tan Han Peng.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong dollar ("**HK$**") while the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"). The directors consider that it is more appropriate to adopt RM as the Group's and the Company's presentation currency as RM is the functional currency of one of the Company's major operating subsidiaries. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3. ADOPTION OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of revised IFRSs — effective 1 July 2021

The IASB has issued a number of amended IFRSs that are first effective for the current accounting period of the Group:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2

None of these amended IFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any amended IFRSs that is not yet effective for the current accounting period.

(b) Revised IFRSs that have been issued but are not yet effective

The following revised IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

[1] Effective for annual periods beginning on or after 1 January 2022.

[2] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

[3] Effective for annual periods beginning on or after 1 January 2023.

[4] No mandatory effective date yet determined but available for adoption.

4. SEGMENT REPORTING

The Group is principally engaged in civil and structural works in Malaysia and the PRC and trading of oil and related products in the PRC.

One of the executive directors of the Company has been identified as the chief operating decision-maker ("**CODM**") of the Group who reviews the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

(a) Reportable segment

The Group has arrived at four reportable segments summarised as follows:

(i) Civil works projects

(ii) Building works projects

(iii) Construction and renovation works projects

(iv) Trading of oil and related products

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The CODM assesses performance of the operating segments on the basis of gross profit.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources and evaluate the performance of the operating segments.

Year ended 30 June 2022	**Civil works projects** *RM'000*	**Building works projects** *RM'000*	**Construction and renovation works projects** *RM'000*	**Trading of oil and related products** *RM'000*	**Total** *RM'000*
Revenue					
Revenue from external customers	**43,219**	**2,572**	**14,199**	**765,918**	**825,908**
Segment cost of sales	**(42,123)**	**(2,434)**	**(13,334)**	**(737,135)**	**(795,026)**
Gross profit	**1,096**	**138**	**865**	**28,783**	**30,882**
Other income, net					**2,289**
Selling and distribution expenses					**(1,318)**
Administrative expenses					**(17,718)**
Finance costs					**(496)**
Share of loss of an associate, net of tax					**(147)**
Profit before income tax expense					**13,492**
Income tax expense					**(2,952)**
Profit for the year					**10,540**

Year ended 30 June 2021	Civil works projects *RM'000*	Building works projects *RM'000*	Trading of oil and related products *RM'000*	Total *RM'000*
Revenue				
Revenue from external customers	63,467	18,898	106,716	189,081
Segment cost of sales	(53,578)	(16,157)	(106,049)	(175,784)
Gross profit	9,889	2,741	667	13,297
Other income, net				2,685
Administrative expenses				(13,118)
Finance costs				(485)
Share of loss of an associate, net of tax				(182)
Profit before income tax expense				2,197
Income tax expense				(1,595)
Profit for the year				602

(b) Geographical information

The Group's operations are located in Hong Kong, Malaysia and PRC.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of customers from which the sales transactions originated.

The non-current assets based on the geographical location of the Group's assets do not include intangible assets, interest in an associate and deferred tax assets ("Specified non-current assets").

	Revenue from external customers		**Specified non-current assets**	
	2022	2021	**2022**	2021
	RM'000	*RM'000*	***RM'000***	*RM'000*
Hong Kong	**–**	–	**18**	23
Malaysia	**45,791**	82,365	**17,572**	20,158
PRC	**780,117**	106,716	**7,052**	45
	825,908	189,081	**24,642**	20,226

(c) Major customers

Details of customers who generated 10% or more of the Group's revenue for the year are as follows:

Year ended 30 June 2022	**Civil works projects** *RM'000*	**Building works projects** *RM'000*	**Construction and renovation works projects** *RM'000*	**Trading of oil and related products** *RM'000*	**Total** *RM'000*
Customer A	–	–	–	**387,478**	**387,478**
Customer B	–	–	–	**270,037**	**270,037**

Year ended 30 June 2021	Civil works projects *RM'000*	Building works projects *RM'000*	Trading of oil and related products *RM'000*	Total *RM'000*
Customer C	–	–	106,716	106,716

5. REVENUE

Revenue represents the amounts received and receivable for civil and structural works rendered by the Group to customers and trading of oil and related products.

An analysis of the Group's revenue is as follows:

	2022 *RM'000*	2021 *RM'000*
Recognised over time		
Contract revenue	**59,990**	82,365
Recognised at point in time		
Trading of oil and related products	**765,918**	106,716
	825,908	189,081

Civil and structural works represent performance obligations that the Group satisfies over time for each respective contract. The period of civil and structural works varies from 1 to 4 years.

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each reporting period.

	2022	2021
	RM'000	*RM'000*
Provision of civil and structural works	**28,672**	34,488

Based on the information available to the Group as at the end of each reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 30 June 2022 and 2021 will be recognised as revenue during the years ended 30 June 2022 to 30 June 2025 in respect of provision of civil and structural works.

6. FINANCE COSTS

	2022	2021
	RM'000	*RM'000*
Interest on:		
— bank overdrafts	**24**	41
— term loans	**107**	149
— lease liabilities	**316**	275
— banker's acceptances	**49**	20
	496	485

7. PROFIT BEFORE INCOME TAX EXPENSE

	2022	2021
	RM'000	*RM'000*
Profit before income tax expense is arrived at after charging/(crediting):		
Auditors' remuneration	**712**	470
Short-term leases expenses	**2,453**	2,358
Amortisation on intangible assets	**34**	–
Depreciation of property, plant and equipment	**1,798**	1,319
Depreciation of right-of-use assets	**3,104**	2,381
Gain on disposal of financial assets at fair value through profit or loss	**–**	(1,109)
Impairment loss on trade receivables and contract assets	**348**	888
Reversal of impairment loss on trade receivables and contract assets	**–**	(109)
Impairment loss on trade receivables and contract assets, net	**348**	779
Impairment loss on advances paid to subcontractors and suppliers	**1,251**	–
Impairment loss on balance with a financial institution	**398**	–
Provision for onerous contracts (included in cost of sales) *(Note 13)*	**167**	–
Write-off of property, plant and equipment	**–**	63
Employee benefits expenses (including directors' and chief executive's emoluments):		
— Wages, salaries and other benefits	**18,998**	18,620
— Contributions to defined contribution plans	**1,267**	1,384
— Equity-settled share-based payment expenses	**–**	845
Total employee costs	**20,265**	20,849
Less: amounts included in cost of sales	**(11,626)**	(13,786)
	8,639	7,063

8. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021
	RM'000	*RM'000*
Malaysian corporate income tax		
— provision for the year	**78**	2,065
— under/(over) provision in respect of prior years	**110**	(457)
	188	1,608
PRC enterprise income tax		
— provision for the year	**2,393**	7
— under provision in respect of prior years	**47**	–
	2,440	7
Deferred tax	**324**	(20)
Income tax expense	**2,952**	1,595

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

For the years ended 30 June 2022 and 2021, the Malaysian corporate income tax of Tan Bock Kwee & Sons Sdn. Bhd. and Prestasi Senadi Sdn. Bhd. is calculated at the statutory tax rate of 24%.

The provision for PRC current income tax for 聯高能源(山東)有限公司 (Liangao Energy (Shandong) Company Limited) is based on a statutory rate of 25% of the assessable profit for the year ended 30 June 2022 as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port (Cai Shui [2020] No. 31) jointly issued by the Department of Finance of Hainan Province and the Hainan Province Tax Service Bureau of State Taxation Administration, the Group's subsidiary, 港聯高能源(海南)有限公司 (Gangliangao Energy (Hainan) Company Limited ("**Gangliangao Hainan**"), is subject to enterprise income tax at the preferential rate of 15% from 1 January 2020 to 31 December 2024.

Other than the above-mentioned subsidiaries, certain PRC subsidiaries (2021: Gangliangao Hainan) are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the year ended 30 June 2022. The portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 12.5% of taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 25% of taxable income amount, and be subject to enterprise income tax at 20% tax rate.

No Hong Kong profits tax has been provided as the Group has no assessable profit for the years ended 30 June 2022 and 2021. As at 30 June 2022 and 2021, the Group has tax losses of approximately RM4,982,000 (2021: RM4,210,000) that are available for offsetting against its future taxable profits in Hong Kong. Under the current tax legislation, these tax losses have no expiry date.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of Company is based on the following data:

	2022	2021
	RM'000	*RM'000*
Earnings		
Profit for the year attributable to owners of the Company	**10,402**	602
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,000,000,000**	1,000,000,000
Effect of dilutive potential ordinary shares:		
— Share options	**1,640,371**	123,104
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,001,640,371**	1,000,123,104

The weighted average number of ordinary shares used to calculate the diluted earnings per share amount for the years ended 30 June 2022 and 2021 included the weighted average number of shares deemed to be issued at less than fair value pursuant to options of 10,000,000 shares granted on 12 May 2021.

10. DIVIDEND

No dividend was paid or proposed during the years ended 30 June 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022	2021
	RM'000	*RM'000*
Trade receivables	**42,895**	24,340
Less: Allowance for impairment losses	**(930)**	(583)
	41,965	23,757
Advances paid to subcontractors and suppliers	**60,269**	3,875
Less: Allowance for impairment losses	**(1,298)**	–
	58,971	3,875
Other receivables	**248**	80
Deposits	**898**	3,204
Prepayments	**214**	625
	102,296	31,541

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 days to 180 days from date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of trade receivables, based on invoice dates, as at 30 June 2022 and 2021 are as follows:

	2022	2021
	RM'000	*RM'000*
1 to 90 days	**33,164**	16,922
91 to 180 days	**5,208**	5,557
181 to 270 days	**646**	1,861
271 to 360 days	**3,296**	–
Over 360 days	**581**	–
	42,895	24,340

Trade receivables are not secured by any collateral or credit enhancements.

The Group applies the simplified approach to provide for expected credit losses ("**ECLs**") prescribed by IFRS 9. During the years ended 30 June 2022 and 2021, a provision of RM347,000 and RM221,000 was made against the gross amounts of trade receivables, respectively.

12. CONTRACT ASSETS

	2022	2021
	RM'000	*RM'000*
Contract assets	**30,870**	23,874
Less: Allowance for impairment losses	**(824)**	(823)
	30,046	23,051

As at 30 June 2022 and 30 June 2021, included in contract assets were accrued billings totalling RM23,419,000 and RM10,123,000 respectively. Accrued billings relate to the Group's right to consideration for work completed and not billed, and such right is conditional upon the Group's future performance in satisfying the respective performance obligations at the reporting date in respect of civil and structural works contracts. The balance as at 30 June 2022 increased as compared to the balance as at 30 June 2021 because of the net effect of more contract works performed due to the acquisition of the PRC subsidiary engaging in civil and structural works and less contract works performed due to the intense competition for available contract works in Malaysia during the Financial Year.

As at 30 June 2022 and 2021, retention money for contract works amounted to RM7,451,000 and RM13,751,000, respectively, are included in contract assets. Retention money is part of the consideration that the customers retain which is payable on successful completion of the contracts in order to provide the customers with assurance that the Group will complete its obligation satisfactorily under the contracts, rather than to provide financing to the customers. Retention money is unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts. Retention money as at 30 June 2022 decreased since the value of the projects carried out during the year ended 30 June 2022 was lower than 2021. Further, part of the retention money as at 30 June 2021 was collected during the year ended 30 June 2022 after the expiry of the defect liability period. The retention money is to be settled, based on the completion of the defects liability period at the end of each reporting period as follows:

	2022	2021
	RM'000	*RM'000*
Within one year	**5,204**	9,259
After one year	**2,247**	4,492
	7,451	13,751

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9. During the years ended 30 June 2022 and 2021, a provision of RM1,000 and RM558,000 was made against the gross amounts of contract assets, respectively.

13. TRADE AND OTHER PAYABLES

	2022	2021
	RM'000	*RM'000*
Trade payables	**13,516**	7,504
Retention payables	**3,506**	4,534
Accruals	**2,805**	1,827
Provision for onerous contracts	**167**	–
Other payables	**2,975**	156
	22,969	14,021

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 0 day to 60 days from the date of invoice.

The ageing analysis of trade payables, based on invoice dates, as at 30 June 2022 and 2021 are as follows:

	2022	2021
	RM'000	*RM'000*
Within 30 days	**10,086**	2,344
31 to 60 days	**769**	1,172
61 to 90 days	**1,346**	154
Over 90 days	**1,315**	3,834
	13,516	7,504

Retention payables to subcontractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

As at 30 June 2022, the Group recognised a provision of RM167,000 (2021: Nil) for onerous contracts relating to construction contracts. Movements in the provision for onerous contracts are as follows:

	2022	2021
	RM'000	*RM'000*
As at 1 July	**–**	–
Provision for the year *(Note 7)*	**167**	–
As at 30 June	**167**	–

14. SHARE CAPITAL

	Number	Amount	Amount
		HK$	*RM'000*
Ordinary shares of par value of HK$0.01 each			
Authorised			
At 1 July 2020, 30 June 2021 and 30 June 2022	10,000,000,000	100,000,000	53,000
Ordinary shares of par value of HK$0.01 each			
Issued and fully paid			
At 1 July 2020, 30 June 2021 and 30 June 2022	1,000,000,000	10,000,000	5,300

MANAGEMENT DISCUSSION AND ANALYSIS

The shares (the "**Shares**") of the Company were successfully listed on the Main Board of the Stock Exchange on 30 September 2019. The Listing marked a milestone for the Group's strengthening our corporate profile, which has not only allowed the Group to access to the capital market for fund raising but also enhanced the credibility of the Group with customers, suppliers and other business partners, as well as the Group's ability to recruit, motivate and retain key management personnel. We believe that the net proceeds from the Listing will assist the implementation of the Group's future development and business strategies as set out in prospectus of the Company dated 16 September 2019 (the "**Prospectus**").

Since the early 2020, the COVID-19 pandemic swept across the globe and a series of precautionary and control measures have been undertaken by governments across the world including Hong Kong and Malaysia. During the Financial Year under review, Malaysia Government has on 11 October 2021 lifted the interstate and international travel restrictions for residents fully vaccinated against COVID-19, as the country achieved its target of inoculating 90% of its adult population. The Malaysia Prime Minister later announced that Malaysia would enter into the Transition to Endemic Phase beginning 1 April 2022 and reopen its borders.

The Group is a civil and structural works contractor undertaking civil and structural works in the oil and gas industry in Malaysia. In the aftermath of the COVID-19 pandemic in Malaysia, the Group experienced with multiple challenges including lack and deferment of new projects and other oil and gas industry activities, acute labour shortage and intense competition for available contract works in Malaysia, which collectively affected the revenue of the Group's civil and structural works, daily operation and financial results for the Financial Year.

The Group has been spending great effort to explore business opportunities in regions where the outbreak of the COVID-19 pandemic is generally under control. In March 2021, the Group successfully commenced the trading of oil and related products in the PRC. Since the commencement of the trading of oil and related products, the Group had recorded promising revenue and operating profit. Given the positive performance from the trading of oil and related products, and to further develop business in areas where the outbreak of the pandemic has generally been under control, the Board decided to allocate more resources to (i) develop northern PRC market of the trading of oil and related products; (ii) expand its customer base; and (iii) secure a supply of higher quality oil products.

The Board believes that the trading of oil and related products will be an important step in the expansion of the Group's business, which not only enhance business contacts in the oil industry to bring synergy to the Group's civil and structural works in the oil and gas industry, but also is in line with the Group's strategy to expand its geographical coverage to the PRC, which is expected to benefit the Company and the shareholders of the Company (the "**Shareholders**") as a whole.

On the other hand, due to the lack of capital-intensive projects in the oil and gas industry in Malaysia as well as fierce competition for contracts between the Company and its competitors, it is the strategy of the Company to seek opportunities to diversity its income stream in the interests of the Company and the Shareholders as a whole. The Company has sought to explore opportunities in the civil and structural works projects in the PRC in order to assist the Company to diversity its business risks and to broaden income channel. In April 2022, the Group completed the acquisition of 75% equity interests (the "**Acquisition**") of 青島鑫弘耀建設科技有限公司 (Qingdao Xinhongyao Construction Technology Company Limited) ("**Xinhongyao Construction**") which was established in the PRC and it is currently carrying on business of construction and renovation works projects in the PRC. According to the acquisition agreement, the Group should inject the corresponding registered capital of RMB5,130,000 to Xinhongyao Construction, representing 75% of the amount of registered capital proportionate to the amount paid by the vendor, (i.e. RMB1,710,000), at the date of the Acquisition, within one year after the completion of the Acquisition.

The Acquisition will provide new momentum to the Group's future development through diversification of its business. Further, given that Xinhongyao Construction has already been established, the Directors are of the view that the Acquisition would enable the Group to commence its civil and structural works business in a more time efficient manner than establishing a new company afresh.

BUSINESS REVIEW

Civil and Structural Works in Malaysia

The Group is registered with a Construction Industry Development Board of Malaysia (the "**CIDB**") Grade G7 qualification in Category CE, Category B and Category ME, which is the highest possible contractor licence under the CIDB and allows the Group to undertake civil and structural works of unlimited tender/contract value. Our civil and structural works services generally involve (i) site preparation works (ii) civil works; and (iii) building works in the oil and gas industry.

The following table sets forth the breakdown of the revenue by nature of works for the years ended 30 June 2022 and 2021:

	2022		2021	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Site preparation works projects	**–**	**–**	–	–
Civil works projects	**43,219**	**94.4**	63,467	77.1
Building works projects	**2,572**	**5.6**	18,898	22.9
	45,791	**100.0**	82,365	100.0

In light of the COVID-19 pandemic, the Group's operations were significantly disrupted by postponement in contract awards, deferment of new projects and decline in other oil and gas industry activities, labour shortage and intense competition for available contract works. As a result, the Group's revenue from civil and structural works decreased by approximately 44.4% from approximately RM82.4 million for the year ended 30 June 2021 to approximately RM45.8 million for the Financial Year.

Site preparation works projects

During the Financial Year, the Group did not record any revenue from site preparation works projects (2021: Nil) and it had not procured any new project during the Financial Year.

Civil works projects

Revenue from civil works projects decreased from approximately RM63.5 million for the year ended 30 June 2021 to approximately RM43.2 million for the Financial Year, representing a decrease of approximately 31.9%.

The decrease was mainly attributable to the drop in revenue for ongoing Project 1 (approximately RM1.8 million) which was near completion during the Financial Year and 5 projects which were completed during the Financial Year i.e. Project 11 (approximately RM0.2 million), Project 26 (approximately RM0.7 million), Project 27 (approximately RM0.4 million), Project 31 (approximately RM7.6 million) and Project 32 (approximately 3.0 million); and 4 projects which were completed during the financial year ended 30 June 2021 i.e. Project 13 (approximately RM13.5 million), Project 20 (approximately RM7.7 million), Project 22 (approximately RM1.2 million), and Project 25 (approximately RM5.4 million).

The decrease was partially offset by the increase in revenue from 2 ongoing projects i.e. Project 30 (approximately RM6.9 million), Project 33 (approximately RM5.8 million); and 6 new projects commenced during the Financial Year i.e. Project 39 to Project 44 (approximately RM8.2 million); and 3 projects which were completed during the Financial Year i.e. Project 28 (approximately RM0.7 million), Project 37 (approximately RM0.7 million) and Project 38 (approximately RM0.5 million).

Building works projects

Revenue from building works projects decreased from approximately RM18.9 million for the year ended 30 June 2021 to approximately RM2.6 million for the Financial Year, representing a decrease of approximately 86.4%.

The decrease was mainly attributable to Project 19 (approximately RM4.9 million), Project 23 (approximately RM0.3 million), Project 24 (approximately RM9.8 million) and Project 36 (approximately RM0.3 million) which were completed during the Financial Year, and Project 4 (approximately RM1.0 million) which was completed during the financial year ended 30 June 2021.

Projects on hand

As at 30 June 2022, the Group had 11 (2021: 13) projects on hand in Malaysia (including projects that have commenced but not yet completed and projects that have been awarded to the Group but not yet commenced). A summary of the projects on hand is set out below:

Project	Particulars and location	Type of works	Pengerang Integrated Petroleum Complex ("PIPC")/Non-PIPC projects	Commencement date	Expected Completion date
Project 1	A refinery at Port Dickson	Civil works	Non-PIPC	May 2013	August 2023
Project 30	A refinery at Pengerang	Civil works	PIPC	December 2020	December 2023
Project 33	Solor-farm facilities at Johor	Civil works	Non-PIPC	June 2021	October 2022
Project 39	A refinery at Port Dickson	Civil works	Non-PIPC	January 2022	September 2022
Project 40	A refinery at Pengerang	Civil works	PIPC	January 2022	November 2022
Project 41	A refinery at Pengerang	Civil works	PIPC	January 2022	December 2024
Project 42	A refinery at Port Dickson	Civil works	Non-PIPC	February 2022	December 2022
Project 43	An oil storage in Putrajaya	Civil works	Non-PIPC	January 2022	July 2022
Project 44	A sugar refinery at Johor	Civil works	Non-PIPC	April 2022	September 2022
Project 45	A melamine plant in Kedah	Civil works	Non-PIPC	August 2022	February 2023
Project 46	A refinery at Pengerang	Civil works	PIPC	September 2022	December 2023

Civil and Structural Works in the PRC

The Group acquired 75% equity interests of Xinhongyao Construction in April 2022 which was established in the PRC and it is currently carrying on business of construction and renovation works projects in the PRC. The scope of business of Xinhongyao Construction included design of construction projects; professional construction operations; residential interior decoration and renovation; general contracting of housing complex and municipal infrastructure projects and various types of engineering construction activities.

Xinhongyao Construction has obtained the Construction Enterprise Qualification Certificate (construction decoration engineering grade II and professional contracting for waterproofing, corrosion and heat preservation engineering grade II), the Construction Enterprise Qualification Certificate (non-graded construction labor service) and the Safety Production License, all of the above-mentioned license certificates are all within the validity period of the certificates.

During the Financial Year under review, the Group's revenue from civil and structural works in the PRC was approximately RM14.2 million.

Projects on hand

As at 30 June 2022, the Group had 5 projects on hand in the PRC (including projects that have commenced but not yet completed and projects that have been awarded to the Group but not yet commenced).

Project	Particulars and location	Type of works	Commencement date	Expected Completion date
Project 1	A senior high school in Huangdao District, Qingdao City	Construction works	September 2021	September 2022
Project 2	A school in Zhaoyuan City, Shandong Province	Construction works	March 2022	September 2022
Project 3	Civil maintenance works in Huangdao District, Qingdao City	Construction works	December 2021	August 2022
Project 4	Heat preservation works in Laoshan District, Qingdao City	Construction works	November 2021	August 2022
Project 5	Sino-German Ecopark Qingdao	Renovation works	May 2022	September 2022

Trading of Oil and Related Products in the PRC

The Group started the trading of oil and related products in the PRC in March 2021. Taking advantage from volatility of oil prices in the international market and the continued recovery of China's economy, which has provided ongoing business opportunities in trading of oil and related products for the Group. During the Financial Year under review, the Group's revenue from trading of oil and related products was approximately RM765.9 million (2021: RM106.7 million).

OUTLOOK

The World Bank in its Malaysia Economy Monitor June 2022 indicated that Malaysia's economy is on an upwards track to recovery from the pandemic following a successful vaccination drive and the full withdrawal of movement restrictions. The economy is projected to expand 5.5 percent in 2022, driven mainly by a strong rebound in consumption. While there is a surge in growth, external headwinds and global uncertainties pose a challenge and add to the country's downside risks. Global growth is expected to decelerate to 3.2 percent in 2022 (2021e: 5.7 percent) due to spill-over from the war in Ukraine, fading pent-up demand, and reduced macroeconomic support amid high inflation. Regional growth is projected to decelerate to 5 percent in 2022 (2021e: 7.2 percent), with slowing activity in China impacting the rest of the region.

On 26 July 2022, the International Monetary Fund (IMF) has revised its year-on-year economic growth forecast for Malaysia to 5.1 per cent in 2022 from 5.6 per cent previously, according to the IMF's latest World Economic Outlook Update July 2022. The IMF's latest forecast is lower than Bank Negara Malaysia's projected gross domestic product (GDP) growth range of 5.3 per cent to 6.3 per cent for 2022. The IMF indicated that the risks to the global economic outlook are overwhelmingly tilted to the downside after taking into consideration risks arising from the Russia-Ukraine war, inflation globally, the tight labour market and monetary policies, potential debt distress in emerging markets, the property sector crisis in China and geopolitical fragmentation, which could impede global trade and cooperation.

Bank Negara Malaysia reported on 12 August 2022 that the Malaysian economy registered a stronger growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While the GDP was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust. Domestic demand continued to strengthen, underpinned by the steady recovery in labour market conditions and ongoing policy support. The higher growth was also reflective of normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for E&E products. By sector, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

At the time of this announcement, although it is almost back to "old normal" in Malaysia as all travel restrictions have been lifted, the economy headwind remains strong due to geo-political conflicts, unusual weather pattern across the globe, creeping inflation and weakening of Malaysian currency and pending general election. Against this backdrop, we expect the current financial year 2023 to be equally challenging for the Group due to the scarcity of new capital intensive projects and other oil and gas industry activities, tight labour supply and intense competition for available contract works. In this regard, the Group is firmly establishing its foothold in the industry while actively exploring opportunities in both East and West Malaysia, as well as in neighbouring countries.

Looking back on the past four decades, the Group has weathered many different types of storms. With its healthy balance sheet, deep-rooted culture of resilience and dedicated workforce, we believe that the Group will survive this unprecedented turbulent time and emerge stronger on the other side.

In addition, we have achieved significant achievements since the establishment of various subsidiaries in the trading of oil and related products and the civil and structural works in the PRC.

Plans in respect of the trading of oil and related products in the PRC:

1. Steady increase in revenue in South China market by deepening and consolidating the market.

2. Explore the northern market and consider the Shandong market as the base to enter the northern market.

3. Actively carry out international trading business based on Union Top Energy (Hong Kong) Limited, in order to seek the further development of domestic oil trading business driven by international trade as soon as possible.

4. By strengthening the investment of working capital, the increase of working capital will greatly promote the smooth operation of oil trade and enable us to have stronger bargaining power and business operation ability.

5. Strictly standardise enterprise management and promote the use of Enterprise Resource Planning System, thus improving management efficiency and effectively avoiding risks.

6. Strengthen the investment in international trade to ensure a stable source of overseas oil, with the main sales targets being large domestic traders and petroleum refining enterprises.

7. For the domestic segment of oil trading, by coordinating the development of the north-southern market and increasing the number of professional staff to join, so as to master the market more effectively, with the main sales targets being domestic petroleum refining and chemical enterprises. According to the actual needs of customers, on the premise of ensuring the smooth flow of funds, we will realize the docking of domestic trading business and international trading business as soon as possible. At the same time, it extends from the raw oil market to the refined oil market, and develops sales channels for refined oil.

8. By strengthening the in-depth cooperation with domestic petroleum refining enterprises, participating in the cooperation of financial assets of domestic petroleum refining enterprises, obtaining the corresponding asset packages legally and compliantly, improving the strength of the Group's assets and laying the foundation for further improvement of financial operations.

Plans in respect of the civil and structural works in the PRC:

We are currently focusing on general construction and renovation projects for our operations.

1. Stabilize and strengthen our position in the existing renovation project market, improve our existing engineering technology, and ensure stable operating income.

2. Acquire the qualification of petroleum projects, establish the construction team of petroleum projects, and develop the market of petroleum projects.

The Board will from time to time review its existing businesses and explore other business/investment opportunities, include but not limited to energy related processing and logistic business with a view to diversify the business of the Group.

FINANCIAL REVIEW

Civil and Structural Works in Malaysia

Revenue

In light of the COVID-19 pandemic, the Group's operations were significantly disrupted by postponement in contract awards, deferment of new projects and decline in other oil and gas industry activities, labour shortage and intense competition for available contract works. As a result, the Group's revenue from civil and structural works decreased by approximately 44.4% from approximately RM82.4 million for the year ended 30 June 2021 to approximately RM45.8 million for the Financial Year.

Cost of sales

The Group's cost of sales from civil and structural works in Malaysia mainly comprises cost of direct materials, subcontracting charges, direct labour. The following table sets out the breakdown of the Group's direct costs during the year ended 30 June 2022 and 2021:

	2022		2021	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Direct materials	**10,360**	**23.3**	13,397	19.2
Subcontracting charges	**14,347**	**32.2**	32,438	46.5
Direct labour	**11,484**	**25.8**	13,786	19.8
Rental of machinery and equipment	**1,076**	**2.4**	1,108	1.6
Depreciation	**2,511**	**5.6**	3,213	4.6
Other costs	**4,779**	**10.7**	5,793	8.3
Total	**44,557**	**100.0**	69,735	100.0

The Group's cost of sales from civil and structural works in Malaysia during the Financial Year mainly comprised:

(a) direct materials, which mainly represent direct costs for the purchase of construction materials, such as sand, steel, concrete, wood and fuel, that are directly attributable to the project works;

(b) subcontracting charges, which represent fees and charges paid to or payable to subcontractors who provide civil works, site preparation works and/or building works at project sites;

(c) direct labour, which represents remuneration to employees directly attributable to the projects; and

(d) other costs, which include various miscellaneous expenses such as transportation fee, safety consultancy fee and insurance expenses for the Group's projects.

The Group's cost of sales from civil and structural works in Malaysia decreased from approximately RM69.7 million for the year ended 30 June 2021 to approximately RM44.6 million for the Financial Year, representing a decrease of approximately 36.1% which is in line with decrease in revenue.

Consumption of direct materials and their costs may vary from project to project, as (i) the consumption of raw materials varies according to different types of works performed; and (ii) the cost of direct materials may be agreed to be borne by the Group or by its customers or subcontractors depending on the contract terms with different customers and subcontractors, resulting in fluctuations in the proportions of these costs from project to project.

Gross profit and gross profit margin

In line with the decrease in revenue from civil and structural works in Malaysia, the Group's gross profit from civil and structural works decreased from approximately RM12.6 million for the year ended 30 June 2021 to RM1.2 million for the Financial Year, representing a decrease of approximately 90.2%. With combined effects of revenue and costs of sales from civil and structural works in Malaysia, the Group's gross profit margin from civil and structural works decreased from approximately 15.3% to 2.7% for the years ended 30 June 2021 and 2022, respectively.

Civil and Structural Works in the PRC

The Group acquired 75% equity interests of Xinhongyao Construction in April 2022 which was established in the PRC and it is currently carrying on business of construction and renovation works in the PRC. The scope of business of Xinhongyao Construction included design of construction projects; professional construction operations; residential interior decoration and renovation; general contracting of housing complex and municipal infrastructure projects and various types of engineering construction activities.

Revenue

During the Financial Year under review, the Group's revenue from the civil and structural works in the PRC was approximately RM14.2 million.

Cost of sales

The Group's cost of sales from the civil and structural works in the PRC mainly comprises cost of direct materials, subcontracting fee, direct labour and other direct costs. During the Financial Year under review, the Group's cost of sales from the civil and structural works in the PRC was approximately RM13.3 million.

Gross profit and gross profit margin

The Group's gross profit from the civil and structural works in the PRC was approximately RM0.9 million for the Financial Year. With combined effects of revenue and costs of sales from the civil and structural works in the PRC, the Group's gross profit margin from civil and structural works in the PRC was approximately 6.1%.

Trading of Oil and Related Products in the PRC

Revenue

The Group started the trading of oil and related products in the PRC in March 2021. Taking advantage from volatility of oil prices in the international market and the continued recovery of China's economy, which has provided ongoing business opportunities in trading of oil and related products for the Group. During the Financial Year under review, the Group's revenue from trading of oil and related products was approximately RM765.9 million (2021: RM106.7 million).

Cost of sales

The Group's cost of sales from trading of oil and related products in the PRC mainly comprises cost of direct materials, storage fee and transportation fee. During the Financial Year under review, the Group's cost of sales from trading of oil and related products in the PRC was approximately RM737.1 million (2021: RM106.0 million).

Gross profit and gross profit margin

The Group's gross profit from trading of oil and related products in the PRC was approximately RM28.8 million for the Financial Year (2021: RM0.7 million). With combined effects of revenue and costs of sales from trading of oil and related products, the Group's gross profit margin from trading of oil and related products was 3.8% (2021: 0.6%).

Selling and Distribution Expenses

The Group's selling and distribution expenses comprised mainly salary and benefits of our sales and marketing staff, entertainment and promotional expenses, travelling and transport expenses for a new team of trading of oil and related products in the PRC. During the Financial Year, the selling and distribution expenses were approximately RM1.3 million (2021: Nil).

Administrative Expenses

The Group's administrative expenses increased from approximately RM13.1 million for the year ended 30 June 2021 to approximately RM17.7 million for the Financial Year. Such increase was mainly attributable to (i) the increase in staff costs, short-term lease expenses, depreciation expenses and other administrative expenses for new operation in the PRC, and (ii) the increase in impairment loss on trade receivables, contract assets and other receivables. The administrative expenses of the Group primarily consist of depreciation, staff costs, repair and maintenance and legal and professional fees and other charges.

Finance Costs

Finance costs represented interest on bank overdrafts, term loans, lease liabilities and banker's acceptances. For the years ended 30 June 2022 and 2021, the Group recorded finance costs of approximately RM0.5 million and RM0.5 million, respectively.

Income Tax Expense

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

For the years ended 30 June 2022 and 2021, the Malaysian corporate income tax of Tan Bock Kwee & Sons Sdn. Bhd. and Prestasi Senadi Sdn. Bhd. is calculated at the statutory tax rate of 24%.

The provision for PRC current income tax for 聯高能源(山東)有限公司 (Liangao Energy (Shandong) Company Limited) is based on a statutory rate of 25% of the assessable profit for the year ended 30 June 2022 as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port (Cai Shui [2020] No. 31) jointly issued by the Department of Finance of Hainan Province and the Hainan Province Tax Service Bureau of State Taxation Administration, the Group's subsidiary, Gangliangao Hainan is subject to enterprise income tax at the preferential rate of 15% from 1 January 2020 to 31 December 2024.

Other than the above-mentioned subsidiaries, certain PRC subsidiaries (2021: Gangliangao Hainan) are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the year ended 30 June 2022. The portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 12.5% of taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 25% of taxable income amount, and be subject to enterprise income tax at 20% tax rate.

No Hong Kong profits tax has been provided as the Group has no assessable profit for the years ended 30 June 2022 and 2021.

The Group's income tax expense was approximately RM3.0 million for the Financial Year (2021: RM1.6 million).

Profit and Earnings per Share

As a result of the foregoing, the Group's profit attributable to owners for the Financial Year was approximately RM10.4 million (2021: RM0.6 million) and the earnings per share for the Financial Year was approximately RM1.04 sen (2021: RM0.06 sen).

Key Financial Ratio

		As at/for the year ended 30 June	
	Note	**2022**	2021
Current ratio (times)	*1*	**2.6**	6.4
Quick ratio (times)	*2*	**2.6**	6.4
Gearing ratio (%)	*3*	**7.3**	5.8
Debt to equity (%)	*4*	**N/A**	N/A
Return on equity (%)	*5*	**6.9**	0.4
Return on total assets (%)	*6*	**4.4**	0.4
Interest coverage (times)	*7*	**28.2**	5.5

Notes:

1. Current ratio is total current assets divided by total current liabilities.

2. Quick ratio is total current assets less inventories divided by total current liabilities.

3. Gearing ratio is total debt (i.e. sum of lease liabilities and borrowings) divided by total equity and multiplied by 100%.

4. Debt to equity ratio is total debt (i.e. sum of lease liabilities and borrowings) less cash and cash equivalents divided by total equity and multiplied by 100%.

5. Return on equity is profit for the year divided by total equity and multiplied by 100%.

6. Return on assets is profit for the year divided by total assets and multiplied by 100%.

7. Interest coverage is profit before interest and tax divided by finance costs.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2022,

a. the Company's issued capital was RM5.3 million (or HK$10.0 million equivalent) and the number of its issued ordinary Shares was 1,000,000,000 Shares of HK$0.01 each;

b. the Group had total pledged time deposits and bank balances as well as cash and cash equivalents of approximately RM6.3 million (2021: RM14.6 million) and approximately RM74.2 million (2021: RM72.6 million), respectively, most of which were denominated in Hong Kong dollar (HK$), United States Dollar (USD), Malaysian Ringgit (RM) and Renminbi (RMB);

c. the Group had lease liabilities and bank borrowings of approximately RM7.3 million (2021: RM3.1 million) and RM3.8 million (2021: RM4.9 million), respectively. All of the lease liabilities and bank borrowings were denominated in RM and RMB; and

d. the Group's total equity attributable to owners of the Company was approximately RM151.6 million (2021: RM138.7 million). The capital of the Company mainly comprises share capital and reserves.

Treasury Policy

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business obligations; (ii) maintain sufficient level of funds to settle the Group's capital commitment when they fall due; (iii) maintain adequate liquidity to cover the Group's operation cash flows, project expenditures and administrative expenses; and (iv) streamline the Group's operational processes to achieve savings in construction-related costs, maintenance and other operating costs. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Dividend

The Board does not recommend the payment of a final dividend for the Financial Year (2021: Nil).

Significant Investments, Material Acquisitions or Disposals of Subsidiaries and Associated Companies

Save as disclosed in this announcement, the Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Financial Year.

Capital Commitments

As at 30 June 2022 and 2021, the Group had no significant capital commitments.

Pledge of Assets

As at 30 June 2022, the freehold land, freehold land and buildings, leasehold land and leasehold land and building of the Group with total net carrying amount of approximately RM9.3 million (2021: RM9.3 million) were pledged to licensed banks as security for credit facilities granted to the Group. As at 30 June 2022 and 2021, pledge of the Group's fixed deposits and bank balances were approximately RM6.3 million and RM14.6 million, respectively.

Future Plan for Material Investments and Capital Assets

Save as disclosed in this announcement, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities or outstanding litigation (2021: Nil).

Pledge of Shares by the Controlling Shareholder

The Company had been notified that an aggregate of 600,000,000 Shares (the "**Pledged Shares**") held by TBK & Sons International Limited ("**TBKS International**") had been pledged on 28 September 2021 in favour of an independent third party (the "**Lender**") as a security for a loan facility of HK$180,000,000 provided by the Lender to TBKS International. The Pledged Shares represented 60% of the issued share capital of the Company as at the date of this announcement.

Foreign Currency Risk

The Group operates mainly in Malaysia, fluctuations in the Malaysian ringgit's value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on the Group's business, financial condition and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into USD, RMB or HK$, of the Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect the Group's ability to pay dividends or satisfy other foreign exchange requirements.

The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating results. The Group had not used any derivative financial instrument for the Financial Year.

Event after the Reporting Period

Except the continuous impact of the Covid-19 pandemic as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 June 2022 and up to the date of this announcement.

Employees and Remuneration Policy

As at 30 June 2022, the Group had 298 (2021: 375) employees (including foreign labour). The Group's employees are invaluable assets of the Group and it is dedicated to managing human capital. The Directors believe that continuous staff training and development will not only improve the Group's staff's performance, but will also enhance loyalty and staff morale. For its new recruits, the Group offers induction training courses which cover practical and technical aspects of their works, together with its corporate culture and core value. Remuneration packages the Group's offer to its staff includes basic salary, discretionary bonuses and allowance. For the Financial Year, the Group's employee cost, including Directors' emoluments, were approximately RM20.3 million (2021: RM20.8 million). The Directors review the performance of the Group's employees on a periodical basis in order to determine salary adjustment and promotions and keep the Group's remuneration package competitive.

Comparison of Business Objectives and Strategies with Actual Business Progress

As set out in the Prospectus and the Company's announcement in relation to change in use of proceeds dated 31 January 2022 (the "**Announcement**") , the business objectives and strategies of the Group are (i) to reserve more capital to satisfy the Group's potential customers' requirement for performance bond; (ii) expand the Group's workforce; (iii) to acquire machinery; (iv) to finance for the upfront expenditures of new projects; (v) to acquire business; (vi) to set aside for working capital purpose; (vii) to expand and develop the trading of oil and related products (the "**Oil Trading Business**") and (viii) future investment opportunities in project(s) including but not limited to petrochemical, mineral resources, natural resources, financial investment and oil logistics.

An analysis comparing the future plans and use of proceeds contained in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 June 2022 (the "**Relevant Period**") is set out below:

i	To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	—	To purchase performance bond as required for any new project
ii	To expand the Group's workforce	—	To carry out recruitment including project director, project manager, construction manager, project control manager, interface coordinator, quality assurance engineer, environmental manager, quality control head, quality control site manager, health, safety, security and environment head, health, safety, security and environment site manager
		—	Additional staff costs for retaining the aforesaid additional staff
iii	To acquire machinery	—	To acquire 2 cranes, 3 excavators, dumpers, low loader, 2 roller compactors, water truck, arm roll lorry, micro-bus, compressor, bar benders/cutters, towel lighting, generator
iv	To finance for the upfront expenditures of new projects	—	To pay for the upfront costs of the Group's projects including startup costs such as subcontracting charges for work done by subcontractors, material costs and direct labour costs
v	To acquire business	—	To acquire engineering contractors which have Bumiputera ownership
vi	To set aside for working capital purpose	—	To set aside, together with internal resources of the Group, for general working capital purpose
vii	To expand and develop the Oil Trading Business	—	To develop northern PRC market of the Oil Trading Business
		—	To expand its customer base
		—	To secure a supply of higher quality oil products
viii	Future investment opportunities	—	future investment opportunities in project(s) including but not limited to petrochemical, mineral resources, natural resources, financial investment and oil logistics

Use of Proceeds

The total net proceeds from the share offer received by the Company after deducting underwriting fees and other related listing expenses were approximately HK$85.0 million (equivalent to RM45.0 million) (the "**Net Proceeds**"). As at 30 June 2022, all of the unutilised Net Proceeds (the "**Unutilised Net Proceeds**") were deposited in the licensed bank in Hong Kong, Malaysia or the PRC. During the Relevant Period, the Net Proceeds has been applied as follows:

		Original allocation of the Net Proceeds disclosed in the Prospectus and the 2019 Annual Report	Utilised amount of the Net Proceeds up to 30 June 2021	Unutilised Net Proceeds brought forward from 30 June 2021	Revised allocation of the Unutilised Net Proceeds disclosed in the Announcement	Utilized amount of Net Proceeds during the Financial Year	Unutilised Net Proceeds as at 30 June 2022
		HK$'million	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*	*HK$'million*
i	To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	8.9	–	8.9	–	–	–
ii	To expand the Group's workforce	13.4	–	13.4	–	–	–
iii	To acquire machinery	17.8	–	17.8	–	–	–
iv	To finance for the upfront expenditures of new projects	26.7	5.1	21.6	13.0	–	13.0
v	To acquire business	13.4	–	13.4	–	–	–
vi	To set aside for working capital purpose	4.8	4.8	–	12.1	5.0	7.1
vii	To expand and develop the Oil Trading Business	–	–	–	40.0	3.1	36.9
viii	Future investment opportunities	–	–	–	10.0	4.2	5.8
		85.0	9.9	75.1	75.1	12.3	62.8

The Unutilised Net Proceeds is expected to be fully utilised within 12 months from the date of the Announcement (i.e. 31 January 2023). Such expected timeline is based on the estimation made by the Group which might be subject to changes in accordance with the change in market conditions from time to time. For details of the change in use of proceeds, please refer to the Company's announcement dated 31 January 2022.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 5 September 2019, the Company adopted the share option scheme of the Company (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The purpose of the Share Option Scheme is to enable the Board to grant options to employees, any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity (the "**Eligible Persons**") as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

On 12 May 2021, a total of 10,000,000 share options (the "**Share Option(s)**") were granted to 2 Eligible Persons and each Share Option shall entitle the holder of the Share Option to subscribe for one Share upon exercise of such Share Option at an exercise price of HK$0.35 per Share. Subject to the terms of the Share Option Scheme, the Share Options shall be exercisable at any time during the period from 12 May 2021 to 11 May 2026 (both dates inclusive). The closing price of the Shares on the date of the grant of the Share Options was HK$0.34 per Share and the closing price of the Shares immediately before the date of the grant of the Share Options was HK$0.345 per Share. None of the Grantees is the Director, chief executive or substantial Shareholder of the Company or any of their respective associates (as defined under the Listing Rules) as at the date of grant. Apart from that, no options were granted, exercised, cancelled or lapsed in accordance with the terms of the Share Option Scheme. Details of the above grant of the Share Options were set out in the Company's announcement dated 12 May 2021.

As at 30 June 2022, the total number of securities available for issue under the Share Option Scheme was 90,000,000, representing 9% of the entire issued share capital of the Company. Movements of Share Options during the Financial Year are as below:

Name and category of participant	Date of grant	Exercise price *HK$*	Outstanding at 1 July 2021	Granted during the Financial Year	Exercised during the Financial Year	Cancelled/ Lapsed during the Financial Year	Outstanding at 30 June 2022	Validity period of the Share Options
Mr. Lam Tze Chung, a director of a subsidiary of the Company	12 May 2021	0.35	5,000,000	–	–	–	5,000,000	12 May 2021 to 11 May 2026
Employee	12 May 2021	0.35	5,000,000	–	–	–	5,000,000	12 May 2021 to 11 May 2026
Total:			**10,000,000**	**–**	**–**	**–**	**10,000,000**	

Note: Employee working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

During the Financial Year, the Group did not recognize any equity-settled share-based payment expense (2021: RM845,000). For the year ended 30 June 2021, the fair value of options granted amounting approximately RM443,000 and RM402,000 were attributable to a director of subsidiaries of the Company and an employee, respectively. The estimate of the fair value of the Share Options granted was measured based on Binomial model. The variables and assumptions used in computing the fair value of the Share Options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in fair value of the Share Options.

All the options forfeited before expiry of the options will be treated as lapsed options under the Share Option Scheme.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Financial Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code throughout the Financial Year.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code effective on or before 31 December 2021 (the "**CG code**") contained in Appendix 14 to the Listing Rules.

Furthermore, the Board will adopt the new CG Code (version with effect from 1 January 2022), the requirements under which shall apply to the Company's corporate governance report in the forthcoming financial year.

To the best of the knowledge of the Board, the Company has complied with all the applicable CG code during the Financial Year. The Board will periodically review on the Company's corporate governance functions and will continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

AUDIT COMMITTEE

The Audit Committee was established on 5 September 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chu Hoe Tin, Mr. Ng Ying Kit and Mr. Wong Sze Lok. The chairman of the Audit Committee is Mr. Chu Hoe Tin.

The audited consolidated financial statements for the year ended 30 June 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position and 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 this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Financial Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This annual results announcement is published on the websites of the Company (www.tbkssb.com.my) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for the year ended 30 June 2022 will be despatched to Shareholders and available on the same websites in due course.

By order of the Board
TBK & Sons Holdings Limited
Tan Hun Tiong
Chairman

Hong Kong, 27 September 2022

As at the date of this announcement, the Board comprises Mr. Tan Hun Tiong, Mr. Tan Han Peng, Mr. Tang Zhiming and Mr. Chen Da as executive Directors; Ms. Chooi Pey Nee as non-executive Director; and Mr. Chu Hoe Tin, Mr. Ng Ying Kit and Mr. Wong Sze Lok as independent non-executive Directors.