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## **TBK & Sons Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1960)**

### **PROFIT WARNING**

This announcement is made by TBK & Sons Holdings Limited (the “**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the Group’s preliminary unaudited consolidated management accounts for the year ended 30 June 2024 (the “**Financial Year**”), the Group is expected to record a net loss of approximately RM39 million as compared to a net loss of approximately RM9 million for the year ended 30 June 2023 (the “**Previous Year**”). The deterioration of financial results was mainly attributable to (i) the significant decrease in revenue from the trading of oil and related products in the People’s Republic of China (the “**PRC**”) by approximately 35% from approximately RM276 million for the Previous Year to approximately RM180 million for the Financial Year and the gross profit decreased by approximately 93% from approximately RM8 million for the Previous Year to approximately RM1 million for the Financial Year; and (ii) significant increase in the net impairment loss on expected credit loss (the “**ECL**”) on trade receivables, contract assets and other receivables from approximately RM2 million for the Previous Year to approximately RM22 million for the Financial Year.

During the Financial Year, the Group’s civil and structural work in Malaysia, including its product and services, revenue sources, and customers base, has remained relatively stable. The gross profit margin maintained at approximately 4.6% and 3.9% for the years ended 30 June 2024 and 2023, respectively.

However, there was no significant improvement in the PRC’s economic environment, primarily due to sluggish property market sentiment. The Group’s civil and structural work in the PRC experienced various challenges arising from increased competition, extended payment terms and delay in progress certification of construction and renovation works, customer payment delays as well as narrower profit margin. The Group has been proactive in communicating with customers and seeking improvements in project timelines and payment processes as well as monitoring the business circumstances.

Despite the revenue from the civil and structural work in the PRC increased from RM41 million for the Previous Year to approximately RM53 million for the Financial Year, the gross profit decreased from RM4 million for the Previous Year to approximately RM2 million for the Financial Year. The gross profit margin was approximately 3.4% and 9.6% for the years ended 30 June 2024 and 2023, respectively. In addition, it is expected that the ECL on trade receivables and contract assets related to the civil and structural works in the PRC will significantly increase by approximately RM19 million for the Financial Year compared to the Previous Year. This increase is primarily attributable to the customer payment delays, which directly impact the ECL calculation by reflecting the negative changes in credit risk associated with the outstanding trade receivables and contract assets as at 30 June 2024.

Due to the sluggish market sentiment in the PRC, coupled with the impacts of property market downturn and the reduced infrastructure projects, the demand for petroleum refining finished products decreased and the prices weakened, which resulted in a decrease in demand for heavy raw oil. Taking into consideration of the impact of the Russia-Ukraine war, and the Isarel-Palestine conflict on international oil prices, the crude oil prices were volatile. The Group was unable to fully shift the extra cost of the increase in suppliers' prices to its customers. Given the challenging market conditions and the substantial capital requirement for international oil trading and new business development, the Group has taken a prudent approach to maintain its operation. As a result, the revenue from the trading of oil and related products in the PRC decreased by approximately 35% and the gross profit decreased by approximately 93% for the Financial Year compared to the Previous Year. The gross profit margin was approximately 0.3% and 3.0% for the years ended 30 June 2024 and 2023, respectively.

The information contained in this announcement represents only a preliminary assessment of the Company based on the latest information available to the Company including the preliminary unaudited consolidated management accounts of the Group for the Financial Year, which have not been reviewed or audited by the auditors of the Company and have not been reviewed by the audit committee of the Company. As at the date of this announcement, the Group has not finalised its consolidated financial results for the Financial Year, and such results are subject to necessary adjustments. Shareholders and investors of the Company are advised to read carefully the annual results announcement of the Company for the Financial Year, which is expected to be published by the end of September 2024.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 30 August 2024

*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.*