TBK & Sons Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1960)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of TBK & Sons Holdings Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 31 December 2021 (the "**Period**") together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	**2021 Unaudited** *RM'000*	2020 Unaudited *RM'000*
Revenue	*5*	**328,682**	51,511
Cost of sales		**(315,140)**	(41,985)
Gross profit		**13,542**	9,526
Other income, net		**231**	485
Administrative expenses		**(7,824)**	(5,592)
Finance costs	*6*	**(213)**	(256)
Share of loss of an associate, net of tax		**(32)**	(40)
Profit before income tax expense	*7*	**5,704**	4,123
Income tax expense	*8*	**(1,793)**	(2,049)
Profit for the period		**3,911**	2,074
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences on translation of foreign operations		**1,024**	(1,308)
Total comprehensive income for the period		**4,935**	766
Earnings per share	*9*		
— Basic (RM)		**0.39 sen**	0.21 sen
— Diluted (RM)		**0.39 sen**	0.21 sen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 Unaudited *RM'000*	As at 30 June 2021 Audited *RM'000*
Non-current assets			
Property, plant and equipment		**23,091**	20,226
Interest in an associate		**236**	268
Deferred tax assets		**54**	321
		23,381	20,815
Current assets			
Inventories		**10,380**	–
Trade receivables, other receivables, deposits and prepayments	*11*	**59,941**	31,541
Contract assets	*12*	**24,538**	23,051
Pledged time deposits and bank balances		**6,183**	14,640
Cash and cash equivalents		**83,643**	72,615
Tax recoverable		**1,762**	1,952
		186,447	143,799
Current liabilities			
Trade and other payables	*13*	**15,251**	14,021
Contract liabilities		**42,511**	3,884
Lease liabilities		**2,786**	1,767
Bank borrowings		**1,448**	2,891
Tax payable		**623**	7
		62,619	22,570
Net current assets		**123,828**	121,229
Total assets less current liabilities		**147,209**	142,044
Non-current liabilities			
Lease liabilities		**2,019**	1,360
Bank borrowings		**1,545**	1,974
		3,564	3,334
NET ASSETS		**143,645**	138,710
Equity			
Share capital	*14*	**5,300**	5,300
Reserves		**138,345**	133,410
TOTAL EQUITY		**143,645**	138,710

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2021

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 offices 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 "**Listing Date**"), the Company's shares (the "**Share(s)**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer (the "**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 trading of oil and related products in the People's Republic of China (the "**PRC**"). The ultimate holding company of the Company is TBK & Sons International Limited ("**TBKS International**") which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation

(a) Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reports issued by International Accounting Standards Board and applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement

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

2.2 Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2021 (the "**2021 Financial Statements**") and the new or revised International Financial Reporting Standards ("**IFRS(s)**") which are effective for the annual period beginning on or after 1 July 2021 and relevant to the Group.

The preparation of the condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The condensed consolidated financial statements do not include all the information and disclosures required in the 2021 Financial Statements, and should be read in conjunction with the 2021 Financial Statements.

All significant intergroup transactions and balances have been eliminated on consolidation.

The functional currency of the Company is Hong Kong dollars ("**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 the Company's major operating subsidiaries. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3. ADOPTION OF NEW OR REVISED IFRS

(a) Adoption of new or revised IFRSs

In the Period, the Group has adopted all the new or revised IFRSs which are effective for the annual period beginning on or after 1 July 2021 and relevant to the Group. The adoption of these amendments had no significant impact on the results and financial position of the Group.

(b) New or revised IFRSs that have been issued but are not yet effective

The following new or revised IFRSs, potentially relevant to the Group's 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 IAS 1	Classification of Liabilities as Current or Non-Current[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[1]
Amendments to IFRS 3	Reference to the Conceptual Framework[3]
Annual Improvements to IFRSs 2018–2020	Amendment to IFRS 9 Financial Instruments, and Illustrative Examples accompanying IFRS 16 Leases[1]

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

[2] Effective for annual reporting periods beginning on or after 1 January 2023

[3] 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.

4. SEGMENT REPORTING

The Group is principally engaged in civil and structural works in Malaysia 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) Site preparation works projects

(ii) Civil works projects

(iii) Building 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 as set out in the 2021 Financial Statements.

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.

For the six months ended 31 December 2021	**Site preparation works projects**	**Civil works projects**	**Building works projects**	**Trading of oil and related products**	**Total**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***
Revenue					
Revenue from external customers	**–**	**21,620**	**2,436**	**304,626**	**328,682**
Segment cost of sales	**–**	**(20,555)**	**(2,319)**	**(292,266)**	**(315,140)**
Gross profit	**–**	**1,065**	**117**	**12,360**	**13,542**
Other income, net					**231**
Administrative expenses					**(7,824)**
Finance costs					**(213)**
Share of loss of an associate, net of tax					**(32)**
Profit before income tax expense					**5,704**
Income tax expense					**(1,793)**
Profit for the Period					**3,911**

For the six months ended 31 December 2020	Site preparation works projects Unaudited *RM'000*	Civil works projects Unaudited *RM'000*	Building works projects Unaudited *RM'000*	Trading of oil and related products Unaudited *RM'000*	Total Unaudited *RM'000*
Revenue					
Revenue from external customers	–	31,117	20,394	–	51,511
Segment cost of sales	–	(24,738)	(17,247)	–	(41,985)
Gross profit	–	6,379	3,147	–	9,526
Other income, net					485
Administrative expenses					(5,592)
Finance costs					(256)
Share of loss of an associate, net of tax					(40)
Profit before income tax expense					4,123
Income tax expense					(2,049)
Profit for the period					2,074

(b) Geographical information

The Group's operations are located in Hong Kong, Malaysia and the 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 interest in an associate and deferred tax assets ("**Specified non-current assets**").

	Revenue from external customers		**Specified non-current assets**	
	For the six months ended 31 December		**As at 31 December**	As at 30 June
	2021	2020	**2021**	2021
	Unaudited	Unaudited	**Unaudited**	Audited
	RM'000	*RM'000*	***RM'000***	*RM'000*
Hong Kong	**–**	–	**20**	23
Malaysia	**24,056**	51,511	**18,816**	20,158
PRC	**304,626**	–	**4,255**	45
	328,682	51,511	**23,091**	20,226

(c) Major customers

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

For the six months ended 31 December 2021	**Site preparation works projects**	**Civil works projects**	**Building works projects**	**Trading of oil and related products**	**Total**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
	RM'000	***RM'000***	***RM'000***	***RM'000***	***RM'000***
Customer A	**–**	**–**	**–**	**304,626**	**304,626**
Customer B	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Customer C	**–**	**–**	**–**	**–**	**–**
Customer D	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Customer E	**–**	**–**	**–**	**–**	**–**
Customer F	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

For the six months ended 31 December 2020	Site preparation works projects	Civil works projects	Building works projects	Total
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	*RM'000*	*RM'000*	*RM'000*
Customer B	–	1,000	4,849	5,849
Customer C	–	–	5,353	5,353
Customer D	–	–	10,019	10,019
Customer E	–	9,870	–	9,870
Customer F	–	7,690	–	7,690

Note: N/A represents that the amounts of revenue from such customer is less than 10% of total revenue for reporting periods.

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:

	Six months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Recognised over time		
Contract revenue	**24,056**	51,511
Recognised at point in time		
Trading of oil and related products	**304,626**	–
	328,682	51,511

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.

	As at 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Provision of civil and structural works	**23,979**	59,182

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 31 December 2021 and 2020 will be recognised as revenue during the years ended 30 June 2021 to 30 June 2024 in respect of provision of civil and structural works.

6. FINANCE COSTS

	Six months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Interest on:		
— bank overdrafts	**14**	21
— term loans	**31**	47
— lease liabilities	**148**	188
— banker's acceptances	**20**	–
	213	256

7. PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Profit before income tax expense is arrived at after charging/(crediting):		
Short-term leases expenses	**1,303**	994
Depreciation of property, plant and equipment	**784**	610
Depreciation of right-of-use assets	**1,189**	1,307
Reversal of impairment loss on trade receivables and contract assets, net	**(1,112)**	(86)
Gain on disposal of financial assets at fair value through profit or loss	**–**	(1,130)
Employee benefits expenses (including directors' and chief executives' emoluments):		
— Wages, salaries and other benefits	**10,955**	9,426
— Contributions to defined contribution plans	**358**	402
Total employee costs	**11,313**	9,828
Less: amounts included in cost of sales	**(6,294)**	(6,708)
	5,019	3,120

8. INCOME TAX EXPENSE

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

	Six months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Malaysian corporate income tax — provision for the period	**16**	1,963
PRC enterprise income tax — provision for the period	**1,510**	–
Deferred tax — current period	**267**	86
Income tax expense	**1,793**	2,049

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 six months ended 31 December 2021 and 2020, the Malaysian corporate income tax of Tan Bock Kwee & Sons Sdn. Bhd. ("**TBK**") and Prestasi Senadi Sdn. Bhd. ("**Prestasi Senadi**") is calculated at the statutory tax rate of 24%.

The general PRC Enterprise Income Tax rate is 25% for the Period. Ganglian High Energy (Hainan) Company Ltd ("**Ganglian High Energy**") is eligible as an enterprise in encouraged industries registered in the Hainan Free Trade Port and engaging in substantive operations and is entitled to enterprise income tax at reduced rate of 15% for the Period.

No Hong Kong profits tax has been provided as the Group has no assessable profit during the six months ended 31 December 2021 and 2020.

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:

	Six months ended 31 December	
	2021	2020
	Unaudited	Unaudited
	RM'000	*RM'000*
Earnings		
Profit for the period attributable to owners of the Company	**3,911**	2,074
Number of Shares		
Weighted average number of Shares for the purposes of basic earnings per Share	**1,000,000,000**	1,000,000,000
Effect of dilutive potential Shares:		
— Share options	**1,726,855**	–
Weighted average number of Shares for the purposes of diluted earnings per Share	**1,001,726,855**	1,000,000,000

The weighted average number of Shares used to calculate the diluted earnings per Share amount for the Period 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.

Diluted earnings per Share amount was the same as basic earnings per Share amount as there were no potential dilutive Shares outstanding for the six months ended 31 December 2020.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2021 and 2020.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2021 Unaudited ***RM'000***	As at 30 June 2021 Audited *RM'000*
Trade receivables	**16,273**	24,340
Less: Allowance for impairment losses	**(171)**	(583)
	16,102	23,757
Advances paid to subcontractors and suppliers	**42,977**	3,875
Other receivables	**33**	80
Deposits	**541**	3,204
Prepayments	**288**	625
	59,941	31,541

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 days to 60 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 31 December 2021 and 30 June 2021 are as follows:

	As at 31 December 2021 Unaudited ***RM'000***	As at 30 June 2021 Audited *RM'000*
1 to 90 days	**5,180**	16,922
91 to 180 days	**7,449**	5,557
Over 180 days	**3,644**	1,861
	16,273	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 Period, a reversal of provision of RM412,000 (2020: RM5,000) was made against the gross amounts of trade receivables.

12. CONTRACT ASSETS

	As at 31 December 2021 Unaudited *RM'000*	As at 30 June 2021 Audited *RM'000*
Contract assets	**24,661**	23,874
Less: Allowances for impairment losses	**(123)**	(823)
	24,538	23,051

As at 31 December 2021 and 30 June 2021, included in contract assets were accrued billings totalling RM14,046,000 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 as at the reporting date in respect of civil and structural works contracts. The balance as at 31 December 2021 increased compared to the balance as at 30 June 2021 mainly due to the delay in billing for work done for several projects which were completed during the Period as the clients have to agree on the final quantity of work done before billings can be rendered.

As at 31 December 2021 and 30 June 2021, retention money for contract works amounted to RM10,615,000 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 sum as at 31 December 2021 decreased since there was less construction work performed during the Period, and certain retention sums were collected after expiry of the project warranty period. The retention money is to be settled, based on the completion of defects liability period at the end of each reporting period as follows:

	As at 31 December 2021 Unaudited *RM'000*	As at 30 June 2021 Audited *RM'000*
Within one year	**8,859**	9,259
After one year	**1,756**	4,492
	10,615	13,751

The Group applied the simplified approach to provide for ECLs prescribed by IFRS 9. During the Period, a reversal of provision of RM700,000 (2020: RM81,000) was made against the gross amounts of contract assets.

13. TRADE AND OTHER PAYABLES

	As at 31 December 2021 Unaudited *RM'000*	As at 30 June 2021 Audited *RM'000*
Trade payables	**3,803**	7,504
Retention payables	**4,635**	4,534
Accruals	**4,175**	1,827
Other payables	**2,638**	156
	15,251	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 31 December 2021 and 30 June 2021 are as follows:

	As at 31 December 2021 Unaudited *RM'000*	As at 30 June 2021 Audited *RM'000*
Within 30 days	**1,346**	2,344
31 to 60 days	**1,696**	1,172
61 to 90 days	**7**	154
Over 90 days	**754**	3,834
	3,803	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.

14. SHARE CAPITAL

	Number	Amount	Amount
		HK$	*RM'000*
Shares of par value of HK$0.01 each			
Authorised			
At 1 July 2020, 30 June 2021 and 31 December 2021	10,000,000,000	100,000,000	53,000
Shares of par value of HK$0.01 each			
Issued and fully paid			
At 1 July 2020, 30 June 2021 and 31 December 2021	1,000,000,000	10,000,000	5,300

15. EVENT AFTER THE REPORTING PERIOD

The global spread of the COVID-19 pandemic since early 2020 has a significant impact on the Group' revenue and earnings for the Period. The Government of Malaysia has implemented various forms of Movement Control Order ("**MCO**") and the country is currently under Phase 4 of the National Recovery Plan whereby all industries are allowed to operate, inter-state travelling is allowed and more relaxation on social activities for fully vaccinated individuals with strict standard operating procedures ("**SOPs**"). However, the new COVID-19 variant named Omicron by the WHO in November 2021 has quickly spread across the globe and caused the infection numbers to soar again, In Malaysia, the new daily cases scored a new high of 28,825 on 19 February 2022, surpassing the previous high of 24,599 recorded in August 2021. With this, the Government of Malaysia has delayed its plan to declare the country's transition from the COVID-19 pandemic to the endemic phase and open its border.

The management of the Group has taken all the relevant actions to minimise the unfavourable impact on the Group and is closely monitoring the situation. The Group's results and performance of the civil and construction works in Malaysia continue to be subject to uncertainties in the current market condition, industry trend and other factors such as the implementation of other COVID-19 preventive measures. It is not possible to estimate the potential impact on the financial results and performance of the Group for the financial year ending 30 June 2022 as at the date of the announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a civil and structural works contractor undertaking civil and structural works in the oil and gas industry in Malaysia. The Shares of the Company were successfully listed on 30 September 2019. The Listing marked a milestone for the Group in 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 the prospectus of the Company dated 16 September 2019 (the "**Prospectus**").

However, due to the sudden and rapid spread of the COVID-19 pandemic across the globe in early 2020, a series of precautionary and control measures have been undertaken by governments across the world including Hong Kong and Malaysia. During the Period under review, COVID-19 pandemic remained challenging to the Group because of the new variants and renewed outbreaks. The Group is a civil and structural works contractor undertaking civil and structural works in the oil and gas industry in Malaysia, in the face of the expansion of COVID-19 pandemic in Malaysia, the Group experienced with multiple challenges including postponement in contract awards, deferment of new projects and other oil and gas industry activities 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 Period.

The Group has been spending great effort to explore business opportunities in regions where the outbreak of the COVID-19 pandemic is under control and has successfully commenced the trading of oil and related products in the PRC in March 2021. 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.

The management of the Group has taken all the relevant actions to minimise the unfavourable impact on the Group and is closely monitoring the situation. We believe that the calamity brought by COVID-19 will eventually pass and the global economy will recover in the following years.

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 (Civil Engineering Construction), Category B (Building Construction) and Category ME (Mechanical and Electrical), 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 six months ended 31 December 2021 and 2020:

	For the six months ended 31 December			
	2021		2020	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Site preparation projects	**–**	**0.0**	–	0.0
Civil works projects	**21,620**	**89.9**	31,117	60.4
Building works projects	**2,436**	**10.1**	20,394	39.6
	24,056	**100.0%**	51,511	100.0

The Group's revenue from civil and structural works decreased by approximately 53.3% from approximately RM51.5 million for the six months ended 31 December 2020 to approximately RM24.1 million for the Period. The decrease was mainly attributable to the ongoing COVID-19 pandemic, the implementation of the MCO (in various forms such as MCO, MCO2.0, Conditional MCO, Recovery MCO and FMCO) where the Group's operations were significantly disrupted, postponement in contract awards, deferment of new projects and decline in other oil and gas industry activities, and intense competition for available contract works. As a result, the Group recorded a significant drop in revenue for the Period.

Site preparation works projects

During the Period, the Group did not record any revenue from site preparation works projects (2020: nil) and it had not procured any new project during the Period.

Civil works projects

Revenue from civil works projects decreased from approximately RM31.1 million for the six months ended 31 December 2020 to approximately RM21.6 million for the Period, representing a decrease of approximately 30.5%.

The decrease was mainly attributable to the drop in revenue for ongoing Project 1 (approximately RM2.2 million), Project 11 (approximately RM0.6 million) which was near completion during the Period, and decrease in 4 projects which were completed during the financial year ended 30 June 2021 i.e. Project 13 (approximately RM9.9 million), Project 20 (approximately RM7.7 million), Project 22 (approximately RM0.6 million) and Project 25 (approximately RM3.3 million). The decrease was partially offset by the increase in revenue from five ongoing projects i.e. Project 26 (approximately RM2.4 million), Project 28 (approximately RM2.5 million), Project 30 (approximately RM3.3 million), Project 31 (approximately RM1.7 million), and Project 33 (approximately RM4.1 million), and four projects which were completed during the Period i.e. Project 27 (approximately RM0.3 million, Project 32 (approximately RM0.3 million), Project 37 (approximately RM0.4 million) and Project 38 (approximately RM0.5 million).

Building works projects

Revenue from building works projects decreased from approximately RM20.4 million for the six months ended 31 December 2020 to approximately RM2.4 million for the Period, representing a decrease of approximately 88.1%. The decrease was mainly attributable to Project 19 (approximately RM3.2 million) and Project 23 (approximately RM4.8 million) both of which were completed during the Period, and Project 24 (approximately RM9.8 million) which was near completion during the Period.

Projects on hand

As at 31 December 2021, the Group had 11 (30 June 2021: 13) projects on hand (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 11	A refinery at Pengerang	Civil works	PIPC	October 2017	June 2022
Project 24	A tank farm facilities at TG Bin	Building works	Non-PIPC	January 2020	March 2022
Project 26	A gas refinery at Paka	Civil works	Non-PIPC	September 2020	June 2022
Project 28	A petro-chemical plant at Kerteh	Civil works	Non-PIPC	December 2020	April 2022
Project 30	A refinery at Pengerang	Civil works	PIPC	December 2020	December 2023
Project 31	A refinery at Pengerang	Civil works	PIPC	February 2021	June 2022
Project 33	Solor-farm facilities at Johor	Civil works	Non-PIPC	June 2021	May 2022
Project 35	A refinery at Port Dickson	Civil works	Non-PIPC	January 2021	June 2022
Project 39	A refinery at Port Dickson	Civil works	Non-PIPC	January 2022	June 2022
Project 40	A refinery at Pengerang	Civil works	PIPC	January 2022	October 2022

Trading of Oil and Related Products in PRC

The Group has successfully commenced the trading of oil and related products in the PRC in March 2021. During the Period under review, the Group's revenue from trading of oil and related products was approximately RM304.6 million (2020: nil). 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 as a whole.

OUTLOOK

In its Malaysia Economic Monitor published in December 2021 titled "Staying Afloat", the World Bank indicated that Malaysian economy is projected to expand by 5.8 percent in 2022, as domestic and external demand recovers. The forecast for the year ahead follows growth estimates of 3.3 percent in 2021. The outlook remains clouded by several downside risks, including new COVID-19 outbreaks and weaker-than-expected global and regional growth. Limited fiscal space remains a key challenge. Federal government revenue, which has been declining since 2013, is projected to reach 14.3 percent of GDP in 2022. Meanwhile, rigid operating expenditures — namely emoluments, retirement charges, and debt service payments — have grown markedly over time and are expected to take up two-thirds of federal government revenue next year, increasing fiscal rigidity and crowding out discretionary spending.

In its statement on the Economic and Financial Developments in Malaysia in the Fourth Quarter of 2021, Bank Negara Malaysia indicated that "the Malaysian economy registered a growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the expenditure side, growth was driven mainly by the improvement in household spending and trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%). With the turnaround in growth in the fourth quarter, the economy grew by 3.1% for 2021 as a whole, and the unemployment rate declined to 4.6%."

In Petronas's Activity Outlook 2022–2024 released in December 2021, Petronas anticipates that for 2022, the path towards sustained demand recovery to remain fragile and uncertain as the oil market adjusts to both short and long-term landscapes, driven by the resumption of economic activities amidst the COVID-19 pandemic. Petronas foresees a positive outlook for drilling rigs activity and a steady outlook for fabrication of fixed structures and subsea facilities, supply of linepipes, underwater services, as well as decommissioning activities. However, a modest outlook is expected for installation of floatover barges.

At the time of this announcement, all states in Malaysia are under Phase Four of the National Recovery Plan i.e. all business activities are opened, inter-states travel is allowed and more relaxation on social activities for fully vaccinated individuals with strict SOPs. However, the Government is still contemplating of opening its border and declaring the country's transition from the COVID-19 pandemic to the endemic phase as a necessary precaution due to the Omicron variant, which has brought the highest daily new cases to date since the start of the pandemic.

Against this backdrop, we expect the current financial year 2022 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. However, we also believe that recovery, albeit choppy, may be picking up momentum towards later part of the year. 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.

The Board will from time to time reviews its existing businesses and explores 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. 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 has decided to allocate more resources to (i) develop northern PRC market of the oil trading business; (ii) expand its customer base; and (iii) secure a supply of higher quality oil products.

FINANCIAL REVIEW

Civil and Structural Works in Malaysia

Revenue

The Group's revenue from civil and structural works decreased by approximately 53.3% from approximately RM51.5 million for the six months ended 31 December 2020 to approximately RM24.1 million for the Period. The decrease was mainly attributable to the ongoing COVID-19 pandemic, the implementation of the MCO (in various forms such as MCO, MCO2.0, Conditional MCO, Recovery MCO and FMCO) where the Group's operations were significantly disrupted and postponement in contract awards, deferment of new projects and other oil and gas industry activities, and intense competition for available contract works. As a result, the Group recorded a significant drop in revenue for the Period.

Cost of sales

The Group's cost of sales from civil and structural works 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 six months ended 31 December 2021 and 2020:

	For the six months ended 31 December			
	2021		2020	
		Approximately		*Approximately*
	RM'000	***%***	*RM'000*	*%*
Direct materials	**4,293**	**18.8**	6,566	15.6
Subcontracting charges	**8,057**	**35.2**	23,249	55.4
Direct labour	**6,294**	**27.5**	6,708	16.0
Rental of machinery and equipment	**531**	**2.3**	514	1.2
Depreciation	**1,205**	**5.3**	1,482	3.5
Other costs	**2,494**	**10.9**	3,466	8.3
Total	**22,874**	**100.0**	41,985	100.0

The Group's cost of sales from civil and structural works during the Period 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 decreased from approximately RM42.0 million for the six months ended 31 December 2020 to approximately RM22.9 million for the Period, representing a decrease of approximately 45.5% which 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, the Group's gross profit decreased from approximately RM9.5 million for the six months ended 31 December 2020 to RM1.2 million for the Period, respectively, representing a decrease of approximately 87.6%. With combined effects of revenue and costs of sales from civil and structural works, the Group's gross profit margin from civil and structural works decreased from approximately 18.5% to 4.9% for the six months ended 31 December 2020 and 2021, respectively.

Trading of Oil and Related Products in PRC

Revenue

The Group has successfully commenced the trading of oil and related products in the PRC in March 2021. During the Period under review, the Group's revenue from trading of oil and related products was approximately RM304.6 million (2020: nil).

Cost of sales

The Group's cost of sales from trading of oil and related products mainly comprises cost of direct materials, storage fee and transportation fee. During the Period under review, the Group's cost of sales from trading of oil and related products was approximately RM292.3 million (2020: nil).

Gross profit and gross profit margin

The Group's gross profit from the trading of oil and related products was approximately RM12.4 million for the Period (2020: nil). 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 4.1% (2020: nil).

Administrative expenses

The Group's administrative expenses increased from approximately RM5.6 million for the six months ended 31 December 2020 to approximately RM7.8 million for the Period. Such increase was mainly attributable to the net effect of (i) the increase in staff costs, short-term lease expenses and other administrative expenses for new operation in the PRC, and (ii) the increase in reversal of impairment loss on trade receivables and contract assets. 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 six months ended 31 December 2021 and 2020, the Group recorded finance costs of approximately RM0.2 million and RM0.3 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 six months ended 31 December 2021 and 2020, the Malaysian corporate income tax of TBK and Prestasi Senadi is calculated at the statutory tax rate of 24%.

The general PRC Enterprise Income Tax rate is 25% for the Period. Ganglian High Energy is eligible as an enterprise in encouraged industries registered in the Hainan Free Trade Port and engaging in substantive operations and is entitled to enterprise income tax at reduced rate of 15% for the Period.

No Hong Kong profits tax has been provided as the Group has no assessable profit during the six months ended 31 December 2021 and 2020.

The Group's income tax expense was approximately RM1.8 million for the Period (2020: RM2.0 million).

Profit and Earnings per Share

As a result of the foregoing, the Group's profit for the Period was approximately RM3.9 million (2020: RM2.1 million) and the earnings per Share for the Period was approximately RM0.39 sen (2020: RM0.21 sen).

Key Financial Ratio

	Note	**As at 31 December 2021**	As at 30 June 2021
Current ratio (times)	*1*	**3.0**	6.4
Quick ratio (times)	*2*	**2.8**	6.4
Gearing ratio (%)	*3*	**5.4**	5.8

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%.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2021,

a. the Company's issued capital was RM5.3 million (or HK$10 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 RM6.2 million (30 June 2021: RM14.6 million) and approximately RM83.6 million (30 June 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 RM4.8 million (30 June 2021: RM3.1 million) and RM3.0 million (30 June 2021: RM4.9 million), respectively. All 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 RM143.6 million (30 June 2021: RM138.7 million). The equity 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 an interim dividend for the Period (2020: 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 Period.

Capital Commitments

As at 31 December 2021, the Group had no significant capital commitments (30 June 2021: nil).

Pledge of Assets

As at 31 December 2021, the freehold land, freehold land and buildings, right-of-use assets of the Group with total net carrying amount of approximately RM6.3 million (30 June 2021: RM9.3 million), and time deposit and bank balances of approximately RM6.2 million (30 June 2021: RM14.6 million) were pledged to licensed banks as security for credit facilities granted to the Group.

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 31 December 2021, the Group had no significant contingent liabilities or outstanding litigation (30 June 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 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 Period.

Employees and Remuneration Policy

As at 31 December 2021, the Group had 324 (30 June 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 package the Group's offer to its staff includes basic salary, discretionary bonuses and allowance. For the Period, the Group's employee cost, including Directors' emoluments, were approximately RM11.3 million (2020: RM 9.8 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, 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; and (vi) to set aside for working capital purpose.

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 31 December 2021 (the "**Relevant Period**") is set out below:

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
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
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
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
To acquire business	— To acquire engineering contractors which have Bumiputera ownership
To set aside for working capital purpose	— To set aside, together with internal resources of the Group, for general working capital purpose

Use of Proceeds

The net proceeds (the "**Net Proceeds**") received from the Share Offer (after deducting underwriting fees, brokerage, the Stock Exchange trading fee, the SFC transaction levy and other expenses) by the Group amounted to approximately HK$85.0 million (equivalent to RM45.0 million). As at 31 December 2021, all of the unutilised Net Proceeds (the "**Unutilised Net Proceeds**") were deposited in the licensed bank in Hong Kong or Malaysia. During the Relevant Period, the Net Proceeds has been applied as follows:

	Planned use of Net Proceeds as stated in the 2019 Annual Report	Amount of Net Proceeds used up to 30 June 2021	Balance of Unutilised Net Proceeds brought forward from 30 June 2021	Amount of Net Proceeds used during the Period	Balance of Unutilised Net Proceeds as at 31 December 2021	Expected timeline for Unutilised Net Proceeds
	HK$' million (Approximately)	*HK$' million (Approximately)*	*HK$' million (Approximately)*	*HK$' million (Approximately)*	*HK$' million (Approximately)*	
To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	8.9	–	8.9	–	8.9	30 June 2022
To expand the Group's workforce	13.4	–	13.4	–	13.4	30 June 2022
To acquire machinery	17.8	–	17.8	–	17.8	30 June 2022
To finance for the upfront expenditures of new projects	26.7	5.1	21.6	–	21.6	30 June 2022
To acquire business	13.4	–	13.4	–	13.4	30 June 2022
To set aside for working capital purpose	4.8	4.8	–	–	–	
	85.0	9.9	75.1	–	75.1	

Change in Use of Proceeds

Reference is made to the Company's announcement dated 31 January 2022 (the "**Announcement**"), the Unutilised Net Proceeds amounted to approximately HK$75.1 million.

For reasons set out in the paragraph headed "Reasons for change in use of proceeds" below, the Board had resolved to change the allocation of the Unutilised Net Proceeds as follows:

	Original allocation of the Net Proceeds disclosed in the Prospectus and the 2019 Annual Report *HK$' million* *(Approximately)*	Utilised amount of the Net Proceeds as at the date of the Announcement *HK$' million* *(Approximately)*	Unutilised Net Proceeds as at the date of the Announcement *HK$' million* *(Approximately)*	Revised allocation of the Unutilised Net Proceeds *HK$' million* *(Approximately)*
Reserving more capital to satisfy the Group's potential customers' requirement for performance bond	8.9	–	8.9	–
Expansion of the Group's workforce	13.4	–	13.4	–
Acquisition of additional machinery and equipment	17.8	–	17.8	–
Financing the upfront expenditures of new projects	26.7	5.1	21.6	13.0
Acquisition of potential suitable companies and business	13.4	–	13.4	–
General working capital	4.8	4.8	–	12.1
Expansion and development of the Oil Trading Business (as defined below)	–	–	–	40.0
Future investment opportunities in project(s) including but not limited to petrochemical, mineral resources, natural resources, financial investment and oil logistics	–	–	–	10.0
	85.0	9.9	75.1	75.1

The Unutilised Net Proceeds is expected to be fully utilised within 12 months from the date of the Announcement. 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.

Reasons for change in use of proceeds

Since the end of year 2019, the COVID-19 pandemic continues to spread around the world disrupting large parts of the global economy and forcing some countries to completely shut down all but the essential services. Various precautionary measures had been implemented by the Malaysian Government to minimise the adverse impact of the COVID-19, including the enforcement of Conditional MCO ("**CMCO**") in different states and cities in Malaysia in October 2020 which included the restriction of inter district travelling, shortening of operating hours for businesses and closure of entertainment and recreational outlets. In early November 2020, the Malaysian health authorities found that the risk of COVID-19 infection has not abated and the CMCO was further extended till the end of 31 December 2020 in some districts with certain restrictions were uplifted. It was further announced on 1 January 2021 by the Malaysian Government that the Recovery MCO has been extended to 31 March 2021 as cases are still high. Following a short reprieve, the daily new cases continued to spike in Malaysia and the Malaysian Government declared a FMCO on 28 May 2021. Under the FMCO, which is the strictest of all MCO's, prohibits inter-district and inter-state travelling and imposed closure of all non-essential industries. The daily new cases hit a new high of 24,599 on 26 August 2021 and has since then been trending downwards. The FMCO has also been relaxed and almost all industries are allowed to re-commence operations. However, the new COVID-19 variant "Omicron" was detected in Africa in November 2021 and has quickly spread across the world and cause infections. COVID-19 continues to affect Malaysia and it remains uncertain how long the COVID-19 crisis will last.

As disclosed in the 2021 Annual Report, the original expected timeline of the unutilised Net Proceeds in respect of the acquisition of business of approximately HK$13.4 million was 30 June 2021. However, the Net Proceeds have not yet been utilised as planned within the expected timeframe mainly as the COVID-19 pandemic and the MCO has had significant impact on the construction industry in Malaysia, with precautionary measures such as (i) closure of worksites and headquarters; (ii) interruption of operations due to standard operating procedures required to be implemented; and (iii) negative impact on the demand for the Group's civil and structural works. As such, the Group has so far not been able to identify suitable businesses in Malaysia which it may be interested in acquiring as the pandemic has made it difficult for the Group to identify and/or negotiate for the respective acquisitions in Malaysia.

Further, the existing construction business environment remains extremely challenging due to reduced support in the funding for the construction works by bank facilities, limited supply of construction material, increase in material prices, shortage of manpower due to COVID-19, and intense competition in securing new tenders. In addition, the significant reduction of social and business activities and the subsequent quarantine measures have adversely affected the economy in Malaysia, including the slowdown in the progress of construction projects. As a result, some of the Group's projects have been held up or delayed, and contract awards have also been postponed and new projects are deferred. Such influences might continue until the COVID-19 pandemic is contained and this would affect the operational and financial performance of the Group. Accordingly, the Group had not been able to utilise the Net Proceeds to satisfy the Group's potential customers' requirement for performance bond, expand the Group's workforce, acquire additional machinery and equipment, as well as finance the upfront expenditures of new projects as planned.

On the other hand, as disclosed in the 2021 Annual Report, it is the Group's strategy to review its existing businesses and explore other business/investment opportunities from time to time, including but not limited to energy related processing and logistic business with a view to diversifying the business of the Group.

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 2021, the Group had invited Mr. Tang Zhiming and Mr. Chen Da to the Board as executive Directors. With the appointment of Mr. Tang and Mr. Chen, the Board believes that the Group can leverage on their experience and contacts in the international trading business to bring synergy to the Group's civil and structural works in the oil and gas industry and implement new business opportunities to the Group in the Greater China region.

As disclosed in the 2021 Annual Report, in March 2021, the Group successfully commenced the trading of oil and related products (the "**Oil Trading Business**") in the PRC. Since the commencement of the Oil Trading Business, the Group had recorded promising revenue and operating profit. Given the positive performance from the Oil Trading Business, and to further develop business in areas where the outbreak of the pandemic has generally been under control, the Board has decided to allocate more resources to (i) develop northern PRC market of the Oil Trading Business; (ii) expand its customer base; and (iii) secure a supply of higher quality oil products.

In light of the above, the Board estimated that approximately HK$40 million from the Unutilised Net Proceeds would be re-allocated for expansion and development of the Oil Trading Business, approximately HK$10 million from the Unutilised Net Proceeds would be re-allocated for future investment opportunities in project(s) including but not limited to petrochemical, mineral resources, natural resources, financial investment and oil logistics and approximately HK$12.1 million from the Unutilised Net Proceeds would be re-allocated for general working capital and other general corporate purposes, whereas the amount initially allocated for financing the upfront expenditures of new projects would be reduced to approximately HK$13.0 million.

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 has been and is expected to continue to benefit the Company and the Shareholders as a whole. In approving the revised use of Net Proceeds, the Board considered the financial performance of the Group in the foreseeable future. The current lockdown policies in Malaysia have significantly slowed down the operations of the Group's construction business, in view of recent high energy prices, the Oil Trading Business commenced in 2021 would be more likely to create economic benefits to the Group.

On the other hand, if the construction industry in Malaysia recovers, the Board will further consider reallocating adequate profits or funding from the Oil Trading Business back to the construction business with an aim to improve the Group's financial performance, on a prorate basis with reference to the original allocation of the Net Proceeds disclosed in the Prospectus and the 2019 Annual Report. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

The Board considers that the reallocation of the Unutilised Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its Shareholders as a whole. The Board will closely monitor the development of COVID-19 and continue to evaluate its impact on the operations of the Group and the plans for the use of Unutilised Net Proceeds, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance of the Group.

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 terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of 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 31 December 2021, 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 Period are as below:

Name and category of participant	Date of grant	Exercise price HK$	Outstanding at 1 July 2021	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Outstanding at 31 December 2021	Exercise period of the Options
Mr. Lam Tze Chung, a director of subsidiaries of the Company	12 May 2021	0.35	5,000,000	0	0	0	5,000,000	12 May 2021 to 11 May 2026
Employee	12 May 2021	0.35	5,000,000	0	0	0	5,000,000	12 May 2021 to 11 May 2026

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 during the Period.

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 (the "**CG code**") contained in Appendix 14 to the Listing Rules.

To the best knowledge of the Board, the Company has complied with the CG code during the Period. The Board will periodically review 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 interim financial results of the Group for the Period are unaudited but have been reviewed and approved 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.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This interim results announcement is published on the websites of the Company (www.tbkssb.com.my) and the Stock Exchange (www.hkexnews.hk), respectively. The interim report of the Company for the six months ended 31 December 2021 will be despatched to the 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, 24 February 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.