Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

TBK & Sons Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1960)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023

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 2023 (the "**Financial Year**") together with the comparative figures for the year ended 30 June 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	**2023** **RM'000**	2022 *RM'000*
Revenue	*5*	**367,940**	825,908
Cost of sales		**(353,716)**	(795,026)
Gross profit		**14,224**	30,882
Other income and gains and losses		**4,092**	2,289
Selling and distribution expenses		**(1,519)**	(1,318)
Administrative expenses		**(21,100)**	(16,119)
Impairment loss on trade receivables and contract assets, net		**(3,013)**	(348)
Reversal of impairment/(impairment loss) on advances paid to subcontractors and suppliers		**1,344**	(1,251)
Finance costs	*6*	**(834)**	(496)
Share of profit/(loss) of an associate		**27**	(147)
(Loss)/profit before income tax expense	*7*	**(6,779)**	13,492
Income tax expense	*8*	**(1,746)**	(2,952)
(Loss)/profit for the year		**(8,525)**	10,540

	Notes	**2023**	2022
		RM'000	*RM'000*
Other comprehensive income for the year, net of tax:			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation of the Company's financial statements into its presentation currency		**111**	483
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**41**	1,971
		152	2,454
Total comprehensive income for the year		**(8,373)**	12,994
(Loss)/profit attributable to:			
— Owners of the Company		**(8,718)**	10,402
— Non-controlling interests		**193**	138
		(8,525)	10,540
Total comprehensive income attributable to:			
— Owners of the Company		**(8,552)**	12,856
— Non-controlling interests		**179**	138
		(8,373)	12,994
(Loss)/earnings per share	*9*		
— Basic (RM)		**(0.87 sen)**	1.04 sen
— Diluted (RM)		**(0.87 sen)**	1.04 sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 RM'000	2022 RM'000
Non-current assets			
Property, plant and equipment		**18,012**	24,642
Intangible assets		**392**	577
Interest in an associate		**148**	121
		18,552	25,340
Current assets			
Trade receivables, other receivables, deposits and prepayments	*11*	**60,762**	102,296
Contract assets	*12*	**37,352**	30,046
Inventories		**25,575**	–
Amount due from an associate		**–**	54
Pledged time deposits		**6,437**	6,325
Cash and cash equivalents		**45,928**	74,156
Tax recoverable		**3,096**	2,947
		179,150	215,824
Asset held for disposal		**–**	214
		179,150	216,038
Current liabilities			
Trade and other payables	*13*	**36,271**	22,969
Contract liabilities		**6,119**	53,735
Lease liabilities		**1,692**	3,878
Bank and other borrowings		**6,384**	2,614
Tax payable		**1,541**	726
		52,007	83,922
Net current assets		**127,143**	132,116
Total assets less current liabilities		**145,695**	157,456

	Notes	**2023**	2022
		RM'000	*RM'000*
Non-current liabilities			
Lease liabilities		**470**	3,399
Bank and other borrowings		**747**	1,215
Deferred tax liabilities		**12**	3
		1,229	4,617
NET ASSETS		**144,466**	152,839
Equity			
Share capital	*14*	**5,300**	5,300
Reserves		**137,714**	146,266
Equity attributable to owners of the Company		**143,014**	151,566
Non-controlling interests		**1,452**	1,273
TOTAL EQUITY		**144,466**	152,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

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 "**Listing Date**"), 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 "**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 ("**TBKS International**") 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 ("**Listing Rules**").

(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 dollars ("**HK$**") while the consolidated financial statements are presented in Malaysian Ringgit ("**RM**"), as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RM. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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

(a) Amended IFRSs adopted by the Group

In the current year, the Group has applied for the first time of the following amended IFRSs, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2022:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework
Annual Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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 applied any new or amended IFRSs that is not yet effective for the current accounting period.

(b) Issued but not effective IFRSs

The following amended 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 IFRS 10 and IAS 28 (2011)	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 (the "**2020 Amendment**") [2,3]
Amendments to IAS 1	Non-Current Liabilities with Covenants (the "**2022 Amendment**")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion.

4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-Current

The 2020 Amendments provide clarification that if an entity's right to defer settlement of a liability is subject to compliance with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The 2020 Amendments also clarify the situations that are considered as a settlement of a liability. The 2020 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2020 Amendments is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IAS 1 — Non-Current Liabilities with Covenants

The 2022 Amendments clarify how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. The 2022 Amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The 2022 Amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The 2022 Amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application of the 2022 Amendments is permitted.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 — Disclosure of Accounting Policies

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IAS 8 — Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a group develops an accounting estimate to achieve the objective set out by an accounting policy.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

Amendments to IFRS 16 — Lease Liability in a Sale and Leaseback

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The directors of the Company do not anticipate that the application of the amendments in the future will have any material impact on the consolidated financial statements.

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 segments

The Group's operating segments are managed separately as each business offers different services and requires different business strategies. The Group has the following five reportable segments:

(i) Site preparation works projects

(ii) Civil works projects

(iii) Building works projects

(iv) Construction and renovation works projects

(v) Trading of oil and related products

The CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on gross profit of each reportable segment.

Segment revenue and results

Year ended 30 June 2023	Site preparation works projects *RM'000*	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	500	43,877	6,555	40,762	276,246	367,940
Segment cost of sales	(496)	(42,459)	(6,001)	(36,848)	(267,912)	(353,716)
Gross profit	4	1,418	554	3,914	8,334	14,224
Other income and gains and losses						4,092
Selling and distribution expenses						(1,519)
Administrative expenses						(21,100)
Impairment loss on trade receivables and contract assets, net						(3,013)
Reversal of impairment loss on advances paid to subcontractors and suppliers						1,344
Finance costs						(834)
Share of profit of an associate						27
Loss before income tax expense						(6,779)

Year ended 30 June 2022	Site preparation works projects *RM'000*	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 and gains and losses						2,289
Selling and distribution expenses						(1,318)
Administrative expenses						(16,119)
Impairment loss on trade receivables and contract assets, net						(348)
Impairment loss advances paid to subcontractors and suppliers						(1,251)
Finance costs						(496)
Share of loss of an associate						(147)
Profit before income tax expense						13,492

Other segment information

Year ended 30 June 2023	**Site preparation works projects** ***RM'000***	**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***
Depreciation of items of property, plant and equipment						
Operating segments	8	661	93	147	276	1,185
Amount unallocated						544
						1,729
Depreciation of right-of-use assets						
Operating segments	13	1,155	161	–	2,684	4,013
Amount unallocated						34
						4,047

Year ended 30 June 2022	Site preparation works projects *RM'000*	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*
Depreciation of items of property, plant and equipment						
Operating segments	–	1,028	59	21	96	1,204
Amount unallocated						594
						1,798
Depreciation of right-of-use assets						
Operating segments	–	1,346	78	–	1,646	3,070
Amount unallocated						34
						3,104

Segment assets and liabilities

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.

(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 intangible assets and interest in an associate ("**Specified non-current assets**").

	Revenue from external customers		**Specified non-current assets**	
	2023 ***RM'000***	2022 *RM'000*	**2023** ***RM'000***	2022 *RM'000*
Hong Kong	**–**	–	**11**	18
Malaysia	**50,932**	45,791	**17,115**	17,572
PRC	**317,008**	780,117	**2,506**	7,052
	367,940	825,908	**19,632**	24,642

(c) Major customers

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

	2023	2022
	RM'000	*RM'000*
Trading of oil and related products:		
Customer A	**–**	387,478
Customer B	**151,036**	270,037
Customer C	**85,451**	–

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 from contracts with customers is as follows:

	2023	2022
	RM'000	*RM'000*
Recognised over time		
Contract revenue	**91,694**	59,990
Recognised at point in time		
Trading of oil and related products	**276,246**	765,918
	367,940	825,908

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 3 years (2022: 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.

	2023	2022
	RM'000	*RM'000*
Provision of civil and structural works	**72,847**	28,672

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 2023 will be recognised as revenue in the next 18 months (2022: in the next 30 months).

6. FINANCE COSTS

	2023	2022
	RM'000	*RM'000*
Interest on:		
— bank overdrafts	**20**	24
— bank and other borrowings	**553**	156
— lease liabilities	**261**	316
	834	496

7. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	2023	2022
	RM'000	*RM'000*
(Loss)/profit before income tax expense is arrived at after charging/(crediting):		
Auditors' remuneration	**849**	712
Short-term leases expenses	**3,041**	2,453
Amortisation on intangible assets	**168**	34
Depreciation of property, plant and equipment	**1,729**	1,798
Depreciation of right-of-use assets	**4,047**	3,104
Impairment loss on trade receivables and contract assets	**3,548**	553
Reversal of impairment loss on trade receivables and contract assets	**(535)**	(205)
Impairment loss on trade receivables and contract assets, net	**3,013**	348
(Reversal of impairment)/impairment loss on advances paid to subcontractors and suppliers	**(1,344)**	1,251
Impairment loss on balance with a financial institution	**–**	398
Written off on other receivables	**19**	–
Provision for onerous contracts (included in cost of sales)	**–**	167
Employee benefits expenses (including directors' and chief executive's emoluments):		
— Wages, salaries and other benefits	**26,188**	18,998
— Contributions to defined contribution plans *(Note)*	**1,826**	1,267
Total employee costs	**28,014**	20,265
Less: amount included in cost of sales	**(15,002)**	(11,626)
	13,012	8,639

Note:

For the years ended 30 June 2023 and 30 June 2022, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at 30 June 2023 and 30 June 2022, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme.

8. INCOME TAX EXPENSE

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

	2023	2022
	RM'000	*RM'000*
Malaysian corporate income tax		
— provision for the year	**–**	78
— capital gain tax	**119**	–
— under provision in respect of prior years	**1**	110
	120	188
PRC enterprise income tax		
— provision for the year	**1,665**	2,393
— (over)/under provision in respect of prior years	**(48)**	47
	1,617	2,440
Deferred tax	**9**	324
Income tax expense	**1,746**	2,952

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

The Malaysian corporate income tax applicable to Tan Bock Kwee & Sons Sdn. Bhd. and Prestasi Senadi Sdn. Bhd. is calculated at the statutory tax rate of 24%. No provision for Malaysian income tax has been provided for the year ended 30 June 2023 as these two subsidiaries have not earned any assessable profits in current year.

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 years ended 30 June 2023 and 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 of State Taxation Administration, the Group's subsidiary, 港聯高能源(海南)有限公司 (Gangliangao Energy (Hainan) Company Limited) 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 are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the years ended 30 June 2023 and 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 2023 and 2022.

As at 30 June 2023, the Group has unused tax losses arising in Hong Kong of approximately RM7,740,000 (2022: RM4,982,000), in Malaysia of approximately RM430,000 (2022: RMNil) and in the PRC of approximately RM5,106,000 (2022: RMNil), which are available for offsetting against its future taxable profits for an indefinite period, a period of ten years and a period of five years respectively.

The resulting potential deferred tax assets arising in Hong Kong of approximately RM1,277,000 (2022: RM822,000), in Malaysia of approximately RM103,000 (2022: RMNil) and in the PRC of approximately RM809,000 (2022: RMNil) have not been recognised due to the unpredictability of future profit streams.

9. (LOSS)/EARNINGS PER SHARE

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

	2023	2022
	RM'000	*RM'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(8,718)**	10,402
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic loss/earnings per share	**1,000,000,000**	1,000,000,000
Effect of dilutive potential ordinary shares:		
— Share options	**1,619,622**	1,640,371
Weighted average number of ordinary shares for the purposes of calculating diluted loss/earnings per share	**1,001,619,622**	1,001,640,371

No adjustment has been made to the basic loss per share amount presented for the year ended 30 June 2023 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amount presented.

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

10. DIVIDEND

The board of directors does not recommend the payment of any dividend for the year ended 30 June 2023 (2022: Nil).

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	RM'000	*RM'000*
Trade receivables	**57,656**	42,895
Less: Allowance for impairment losses	**(3,339)**	(930)
	54,317	41,965
Advances paid to subcontractors and suppliers	**4,184**	60,269
Less: Allowance for impairment losses	**–**	(1,298)
	4,184	58,971
Other receivables	**839**	248
Deposits	**855**	898
Prepayments	**567**	214
	60,762	102,296

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

The ageing analysis of trade receivables, based on the invoice dates, as at 30 June 2023 and 2022 are as follows:

	2023	2022
	RM'000	*RM'000*
1 to 90 days	**20,825**	33,164
91 to 180 days	**8,220**	5,208
181 to 270 days	**10,592**	646
271 to 360 days	**345**	3,296
Over 360 days	**17,674**	581
	57,656	42,895

As at 30 June 2023, the Group's trade receivables of approximately RM17,008,000 are secured by the oil and related products owned by a debtor with current market value of approximately RM18,000,000 as collateral. The Group did not hold any collateral as security as at 30 June 2022.

During the year ended 30 June 2023, the Group factoring part of its trade receivables owed by a debtor of RM3,968,000 (2022: RMNil) with full recourse to a financial institution. In the event of default by the debtor, the Group is obligated to pay the financial institution the amount in default. Interest is charged at 6.38% on the proceeds received from the financial institution until the date the debtor repay or default. The Group is therefore exposed to the risks of credit losses and late payment in respect of the factoring debts.

The factoring transaction does not meet the requirements for de-recognition of financial assets as the Group retains substantially all risks and rewards of ownership of the factoring trade receivables. As at 30 June 2023, the trade receivables of RM3,968,000 (2022:RMNil) continue to be recognised in the Group's financial statements even though they have been legally transferred to the financial institution. The carrying amount of the transferred assets and their associated liabilities approximates their fair value.

The Group applies the simplified approach to provide for expected credit losses ("**ECLs**") prescribed by IFRS 9.

12. CONTRACT ASSETS

	2023	2022
	RM'000	*RM'000*
Contract assets	**38,768**	30,870
Less: Allowances for impairment losses	**(1,416)**	(824)
	37,352	30,046

As at 30 June 2023, included in contract assets were accrued billings totalling RM33,846,000 (2022: RM23,419,000). 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.

As at 30 June 2023, retention money for contract works amounted to RM4,922,000 (2022: RM7,451,000) 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. The retention money is to be settled, based on the completion of defects liability period at the end of each reporting period as follows:

	2023	2022
	RM'000	*RM'000*
Within one year	**2,231**	5,204
After one year	**2,691**	2,247
	4,922	7,451

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9.

13. TRADE AND OTHER PAYABLES

	2023	2022
	RM'000	*RM'000*
Trade payables	**27,654**	13,516
Retention payables	**1,352**	3,506
Accruals	**3,905**	2,805
Provision for onerous contracts	**167**	167
Other payables	**3,193**	2,975
	36,271	22,969

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 180 days (2022: 30 days to 60 days) from the invoice dates. As at 30 June 2022, certain trade payables were due on presentation.

The ageing analysis of trade payables, based on the invoice dates, as at 30 June 2023 and 2022 are as follows:

	2023	2022
	RM'000	*RM'000*
Within 30 days	**11,600**	10,086
31 to 60 days	**1,425**	769
61 to 90 days	**78**	1,346
Over 90 days	**14,551**	1,315
	27,654	13,516

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.

Movements in the provision for onerous contracts for the year ended 30 June 2023 and 2022 are as follows:

	2023	2022
	RM'000	*RM'000*
As at 1 July	**167**	–
Provision for the year *(Note 7)*	**–**	167
As at 30 June	**167**	167

14. SHARE CAPITAL

	Number	Amount	Amount
		HK$	*RM'000*
Ordinary shares of par value of HK$0.01 each			
Authorised			
At 1 July 2021, 30 June 2022 and 30 June 2023	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 2021, 30 June 2022 and 30 June 2023	1,000,000,000	10,000,000	5,300

MANAGEMENT DISCUSSION AND ANALYSIS

Although World Health Organization had announced that COVID-19 pandemic situation no longer constituted a public health emergency of international concern in May 2023, the global economic activities are still reeling from the aftermath of the pandemic. The situation was further exacerbated by geo-political conflicts and soaring inflationary pressure, resulting in a complex and volatile overall business environment.

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. During the Financial Year, the Group's revenue recorded a decrease by approximately RM458.0 million or 55.5% from approximately RM825.9 million for the year ended 30 June 2022 to approximately RM367.9 million for the Financial Year. The revenue generated from the civil and structural works in Malaysia and the PRC, as well as the trading of oil and related products in the PRC contributed approximately 24.9% and 75.1% respectively to the total revenue of the Group.

Despite the revenue derived from the civil and structural works in Malaysia and the PRC increased by approximately RM31.7 million or 52.8% as compared to last year, the revenue derived from the trading of oil and related products in the PRC significantly decreased by approximately RM489.7 million or 63.9% as compared to the last year.

The Group continued to face multiple challenges including lack and deferment of new projects and other oil and gas industry activities, tight labour supply, rising costs and intense competition for available contract works in Malaysia, which collectively affected the performance of the civil and structural works in Malaysia for the Financial Year.

Subsequent to the lifting of lockdown in the PRC at the end of 2022, the increase in human mobility resulted in higher infection rate in the PRC, which had not been eased until April 2023. After the lifting of lockdown, the Group had taken precautionary measures by suspending part of the operations and encouraging work-from-home to reduce the infection among employees. Meanwhile, due to the stalling and decrease in infrastructure projects in the PRC and the impacts of property market downturn, the demand for petroleum refining finished products decreased and the prices weakened, which resulted in a decrease in demand for heavy raw oil and coupled with the impact of Russia-Ukraine war on international oil prices, the crude oil prices were at a high level and the Group was not able to fully shift the extra cost of the increase in suppliers' prices to its customers. The combined effects adversely affected the overall performance of the trading of oil and related products business in the PRC for the Financial Year.

As a result of the foregoing, the Group's record a loss attributable to owners of the Company of approximately RM8.7 million for the Financial Year (2022: profit of approximately RM10.4 million) and the loss per share was approximately RM0.87 sen (2022: earning per share of RM1.04 sen). The deterioration of financial results was mainly due to the significant decrease in revenue and gross profit from the trading of oil and related products in the PRC.

BUSINESS REVIEW

Civil and Structural works in Malaysia

The Group is a civil and structural works contractor undertaking civil and structural works in the oil and gas industry in Malaysia with operational history since the 1970s. 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.

The Group's civil and structural works services generally involve (i) site preparation works such as earthwork, demolition works, and temporary facilities and infrastructure construction, including building temporary site offices, canteens, warehouses, etc.; (ii) civil works for process plants, involving reinforced concrete foundations, pipe supports, ponds, pits, underground and open drainage networks, paving work (including the use of gravel, concrete and asphalt) and related plant civil maintenance works; and (iii) building works (including the building of sub-station, field auxiliary rooms, workshop and storage buildings, etc.) in the oil and gas industry.

During the Financial Year, the Group continued to face multiple challenges including lack and deferment of new projects and other oil and gas industry activities, tight labour supply, rising costs and intense competition for available contract works in Malaysia, which collectively affected the performance of the civil and structural works in Malaysia.

The following table sets forth the breakdown of the revenue by nature of works for the year ended 30 June 2023 and 2022:

	2023		2022	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Site preparation works projects	**500**	**1.0**	–	–
Civil works projects	**43,877**	**86.1**	43,219	94.4
Building works projects	**6,555**	**12.9**	2,572	5.6
	50,932	**100.0**	45,791	100.0

The Group's revenue from civil and structural works increased by approximately 11.2% from approximately RM45.8 million for the year ended 30 June 2022 to approximately RM50.9 million for the Financial Year.

Site preparation works projects

During the Financial Year, the revenue from site preparation works projects increased RM0.5 million (2022: Nil). Such increase was attributable to a new Project 53 which was commenced during the Financial Year.

Civil works projects

Revenue from civil works projects slightly increased from approximately RM43.2 million for the year ended 30 June 2022 to approximately RM43.9 million for the Financial Year, representing an increase of approximately 1.5%.

The increase was mainly attributable to the revenue from 3 projects which were commenced in the financial year ended 30 June 2022 or the Financial Year and completed during the Financial Year i.e. Project 44 (approximately RM1.0 million), Project 47 (approximately RM0.4 million) and Project 49 (approximately RM1.2 million); and 5 ongoing projects i.e. Project 40 (approximately RM9.3 million), Project 46 (approximately RM2.2 million), Project 48 (approximately RM3.1 million), Project 50 (approximately RM3.4 million), and Project 52 (approximately RM1.5 million).

The increase was partially offset by the drop in revenue for 2 ongoing projects which were near completion for the Financial Year i.e. Project 1 (approximately RM0.2 million) and Project 30 (approximately RM4.8 million); and 9 projects which were substantially completed during the financial year ended 30 June 2022 i.e. Project 11 (approximately RM4.7 million), Project 26 (approximately RM1.8 million), Project 27 (approximately RM0.1 million), Project 28 (approximately RM5.0 million), Project 31 (approximately RM1.3 million), Project 32 (approximately RM0.4 million), Project 33 (approximately RM2.1 million), Project 37 (approximately RM0.7 million) and Project 38 (approximately RM0.5 million).

Building works projects

Revenue from building works projects increased from approximately RM2.6 million for the year ended 30 June 2022 to approximately RM6.6 million for the Financial Year, representing an increase of approximately 154.9%.

The increase was mainly attributable to 2 projects which were commenced during the Financial Year i.e. Project 45 (approximately RM4.9 million) and Project 51 (approximately RM1.6 million) and the additional revenue from Project 19 (approximately RM0.5 million) which was completed earlier. The increase was partially offset by the drop in revenue from Project 23 and Project 24 (approximately RM3.0 million) which were completed during the financial year ended 30 June 2022.

Project on hand

As at 30 June 2023, the Group had 10 (2022: 11) 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 40	A refinery at Pengerang	Civil works	PIPC	January 2022	September 2023
Project 41	A refinery at Pengerang	Civil works	PIPC	January 2022	December 2024
Project 46	A refinery at Pengerang	Civil works	PIPC	September 2022	October 2023
Project 48	A melamine plant at Kedah	Civil works	Non-PIPC	November 2022	September 2024
Project 50	A chemical plant at Pahang	Civil works	Non-PIPC	December 2022	December 2023
Project 51	A refinery in Pengerang	Building works	PIPC	August 2022	September 2023
Project 52	A chemical plant at Kedah	Civil works	Non-PIPC	April 2023	March 2024
Project 53	A power plant at Kedah and a refinery in Pengerang	Site preparation works and civil works	Non-PIPC/PIPC	June 2023	October 2024

Civil and Structural Works in the PRC

The Group acquired 75% equity interests of 青島鑫弘耀建設科技有限公司 (Qingdao Xinhongyao Construction Technology Company Limited) ("**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 increased to approximately RM40.8 million from RM14.2 million for the financial year ended 30 June 2022, representing an increase of 187.0%.

The increase in revenue was mainly attributable to 5 ongoing projects which commenced during the Financial Year i.e. Project 6 (RM3.6 million), Project 7 (RM15.6 million), Project 8 (RM3.7 million), Project 9 (RM7.0 million) and Project 10 (RM0.2 million); 2 projects which completed during the Financial Year i.e. Project 1 (approximately RM1.1 million) and Project 2 (approximately RM0.8 million); and certain small construction and renovation works projects (approximately RM0.4 million) were completed during the Financial Year.

The increase was partially offset by the drop in revenue for 3 projects which were commenced during the financial year ended 30 June 2022 and completed or nearly completed during the Financial Year i.e. Project 3 (approximately RM0.2 million), Project 4 (approximately RM0.2 million) and Project 5 (approximately RM5.4 million).

Projects on hand

As at the 30 June 2023, the Group had 7 (30 June 2022: 5) projects on hand in PRC (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	**Particular and location**	**Type of works**	**Commencement date**	**Expected completion date**
Project 4	Heat preservation works in Laoshan District, Qingdao City	Construction works	November 2021	December 2023
Project 6	A hotel in Sino-German Ecopark Qingdao	Renovation works	August 2022	December 2023
Project 7	A hotel in Sino-German Ecopark Qingdao	Construction works	August 2022	December 2023
Project 8	A college in Laiyang City, Shangdong Province	Construction works	January 2023	December 2023
Project 9	A college in Laiyang City, Shangdong Province	Construction works	April 2023	December 2023
Project 10	A building in Licang district, Qingdao	Renovation works	January 2023	December 2023
Project 11	A conference and exhibition center at Qingdao	Construction works	May 2023	October 2023

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 been provided ongoing business opportunities in trading of oil and related products for the Group.

During the Financial Year, there was regional outbreaks of COVID-19 pandemic in the PRC, local governments in the affected areas imposed various restrictions on business and social activities, including city lockdowns, work-from-home requirements, restrictions on travel and other emergency quarantines. Subsequent to the lifting of lockdown in the PRC at the end of 2022, the increase in human mobility resulted in higher infection rate in the PRC, which had not been eased until April 2023. After the lifting of lockdown, the Group had taken precautionary measures by suspending part of the operations and encouraging work-from-home to reduce the infection among employees.

Due to the stalling and decrease in infrastructure projects in the PRC during the Financial Year and the impacts of property market downturn, the demand for petroleum refining finished products decreased and the prices weakened, which resulted in a decrease in demand for heavy raw oil and coupled with the impact of Russia-Ukraine war on international oil prices, the crude oil prices were at a high level and the Group was not able to fully shift the extra cost of the increase in suppliers' prices to its customers, and as a result, the overall gross profit of the trading of oil and related products business of the Group declined significantly as compared to the last year, with a significant drop in orders in the first half of 2023 compared to the first half of 2022.

As a result, the Group's revenue from trading of oil and related products in the PRC significantly decreased by approximately 63.9% from approximately RM765.9 million for the year ended 30 June 2022 to approximately RM276.2 million for the Financial Year.

OUTLOOK

Although the pandemic situation no longer constituted a public health emergency of international concern, the economy headwind remains strong due to the ongoing geopolitical conflicts, the global inflation and interest rates remained high, as well as the formation of a historical first Unity Government after the 15th general election in Malaysia. Against this backdrop, we expect the financial year 2023/2024 to be equally challenging for the Group in Malaysia due to the scarcity of new capital intensive projects and other oil and gas industry activities, escalating costs, tight labour supply and intense competition for available contract works. In this regard, the Group has been cautious while actively looking for new projects in order to maintain its foothold in the industry besides exploring opportunities in both East and West Malaysia, as well as in neighbouring countries.

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

1. Under the market-oriented approach, the Group will continue to promoted the sales of refined oil products.

2. The Group will continue to identify and develop cooperation with large enterprises with state-owned background to enhance the risk resistance of the trading of oil and related products business.

3. The Group will continue to expand its international oil trading business.

4. The Group will continue to strengthen its working capital management in order to promote the smooth operation of oil trade and enable us to have stronger bargaining power and business operation ability when the improvement of market sentiment.

5. The Group will continue to enhance enterprise management and promote the Enterprise Resource Planning System in order to improve the operating efficiency and reduce the operation risks.

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

The Group will continue to focus on general construction and renovation projects for our operations.

1. The Group will continue to strengthen our position in the existing renovation project market, improve our existing engineering technology, and ensure stable operating income.

2. The Group will 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 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.

FINANCIAL REVIEW

Civil and Structural works in Malaysia

During the Financial Year, the Group continued to face multiple challenges including lack and deferment of new projects and other oil and gas industry activities, tight labour supply, rising costs and intense competition for available contract works in Malaysia, which collectively affected the performance of the civil and structural works in Malaysia.

Revenue

The Group's revenue from civil and structural works in Malaysia increased by approximately 11.2% from approximately RM45.8 million for the year ended 30 June 2022 to approximately RM50.9 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 2023 and 2022:

	2023		2022	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Direct materials	**14,439**	**29.5**	10,360	23.3
Subcontracting charges	**11,897**	**24.3**	14,347	32.2
Direct labour	**13,493**	**27.6**	11,484	25.8
Rental of machinery and equipment	**1,601**	**3.3**	1,076	2.4
Depreciation	**2,091**	**4.2**	2,511	5.6
Other costs	**5,435**	**11.1**	4,779	10.7
Total	**48,956**	**100.0**	44,557	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 increased from approximately RM44.6 million for the year ended 30 June 2022 to approximately RM49.0 million for the Financial Year, representing an increase of approximately 9.9% which is in line with increase 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

The Group's gross profit from civil and structural works in Malaysia increased from approximately RM1.2 million for the year ended 30 June 2022 to RM2.0 million for the Financial Year, representing an increase of approximately 60.1%. 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 increased from approximately 2.7% to 3.9% for the year ended 30 June 2022 and 2023, respectively.

Civil and Structural Works in the PRC

The Group acquired of 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 RM40.8 million (2022: 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 RM36.8 million (2022: 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 RM3.9 million for the Financial Year (2022: RM0.9 million). With combined effects of revenue and cost 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 9.6% (2022: 6.1%).

Trading of Oil and Related Products in the PRC

During the Financial Year, there was regional outbreaks of COVID-19 pandemic in the PRC, local governments in the affected areas imposed various restrictions on business and social activities, including city lockdowns, work-from-home requirements, restrictions on travel and other emergency quarantines. Subsequent to the lifting of lockdown in the PRC at the end of 2022, the increase in human mobility resulted in higher infection rate in the PRC, which had not been eased until April 2023. After the lifting of lockdown, the Group had taken precautionary measures by suspending part of the operations and encouraging work-from-home to reduce the infection among employees.

Due to the stalling and decrease in infrastructure projects in the PRC during the Financial Year and the impacts of property market downturn, the demand for petroleum refining finished products decreased and the prices weakened, which resulted in a decrease in demand for heavy raw oil and coupled with the impact of Russia-Ukraine war on international oil prices, the crude oil prices were at a high level and the Group was not able to fully shift the extra cost of the increase in suppliers' prices to its customers, and as a result, the overall gross profit of the trading of oil and related products business of the Group declined significantly as compared to the last year, with a significant drop in orders in the first half of 2023 compared to the first half of 2022.

Revenue

The Group's revenue from trading of oil and related products in the PRC significantly decreased by approximately 63.9% from approximately RM765.9 million for the year ended 30 June 2022 to approximately RM276.2 million for the Financial Year.

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 was approximately RM267.9 million (2022: RM737.1 million).

Gross profit and gross profit margin

The Group's gross profit from the trading of oil and related products in the PRC was approximately RM8.3 million for the Financial Year (2022: RM28.8 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 3.0% (2022: 3.8%).

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 in the PRC. During the Financial Year, the selling and distribution expenses were approximately RM1.5 million (2022: RM1.3 million).

Administrative Expenses

The Group's administrative expenses increased from approximately RM16.1 million for the year ended 30 June 2022 to approximately RM21.1 million for the Financial Year. Such increase was mainly attributable to the increase in staff costs and depreciation expenses. 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 year ended 30 June 2023 and 2022, the Group recorded finance costs of approximately RM0.8 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 year ended 30 June 2023 and 2022, the Malaysian corporate income tax applicable to 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 Liangao Energy (Shandong) Company Limited is based on a statutory rate of 25% of the assessable profit for the year ended 30 June 2023 and 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 Energy (Hainan) Company Limited, 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 are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the year ended 30 June 2023 and 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 during the financial years ended 30 June 2023 and 2022.

The Group's income tax expense was approximately RM1.7 million for the Financial Year (2022: RM3.0 million).

Loss/profit and Loss/earnings per Share

As a result of the foregoing, the Group's loss attributable to owners of the Company for the Financial Year was approximately RM8.7 million (2022: profit of RM10.4 million) and the loss per share for the Financial Year was approximately RM0.87 sen (2022: earnings of RM1.04 sen).

Key Financial Ratio

		As at/for the year ended 30 June	
	Note	**2023**	2022
Current ratio (times)	*1*	**3.4**	2.6
Quick ratio (times)	*2*	**3.0**	2.6
Gearing ratio (%)	*3*	**6.4**	7.3
Debt to equity (%)	*4*	**N/A**	N/A
Return on equity (%)	*5*	**(5.9)**	6.9
Return on total assets (%)	*6*	**(4.3)**	4.4
Interest coverage (times)	*7*	**(7.1)**	28.2

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 (loss)/profit for the year divided by total equity and multiplied by 100%.

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

7. Interest coverage is (loss)/profit before interest and tax divided by finance costs.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2023,

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 RM6.4 million (2022: RM6.3 million) and approximately RM45.9 million (2022: RM74.2 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 and other borrowings of approximately RM2.2 million (2022: RM7.3 million) and RM7.1 million (2022: RM3.8 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 RM143.0 million (2022: RM151.6 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 (2022: 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 2023 and 2022, the Group had no significant capital commitments.

Pledge of Assets

As at 30 June 2023, certain freehold land with net carrying amount of RM4.7 million (2022: RM6.6 million), certain right-of-use assets of leasehold land and buildings with net carrying amount of RM1.6 million (2022: RM2.7 million) and time deposit of approximately RM6.4 million are pledged as securities for the bank 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 30 June 2023, the Group had no significant contingent liabilities or outstanding litigation (2022: Nil).

Events after the Reporting Period

Except for the continuous impact of the Covid-19 pandemic as disclosed in this announcement, the management of the Group is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this announcement.

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 Financial Year.

Employees and Remuneration Policy

As at 30 June 2023, the Group had 510 (2022: 298) 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 RM28.0 million (2022: RM20.3 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 of the Company dated 16 September 2019 (the "**Prospectus**") and the announcement of the Company 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) to 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 of 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 and the Announcement with the Group's actual business progress for the period from the Listing Date to 30 June 2023 (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 of 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	—	To pursue 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 2023, 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	Revised allocation of the Net Proceeds disclosed in the Announcement	Utilised amount of the Net Proceeds up to 30 June 2022	Unutilised Net Proceeds brought forward from 30 June 2022	Utilised amount of Net Proceeds during the Financial Year	Unutilised Net Proceeds as at 30 June 2023
		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	(8.6)	(5.1)	13.0	(6.8)	6.2
v	To acquire business	13.4	(13.4)	–	–	–	–
vi	To set aside for working capital purpose	4.8	12.1	(9.8)	7.1	(7.1)	–
vii	To expand and develop of the Oil Trading Business	–	40.0	(3.1)	36.9	(36.9)	–
viii	Future investment opportunities	–	10.0	(4.2)	5.8	–	5.8
		85.0	0	(22.2)	62.8	(50.8)	12.0

As disclosed in the Announcement, the construction business environment remained 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 had adversely affected the economy in Malaysia, including the slowdown in the progress of construction projects. As a result, some of the Group's projects had been held up or delayed, and contract awards had also been postponed and new projects were deferred. Such influences might continue until the COVID-19 pandemic was 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.

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 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.

The Unutilised Net Proceeds was expected to be fully utilised within 12 months from the date of the Announcement (i.e. 31 January 2023). Such expected timeline was 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 Announcement.

As disclosed in the interim report of the Company dated 27 February 2023 (the "**Interim Report**"), due to the continuous large-scale outbreak of the COVID-19 pandemic in the PRC from November 2022 to January 2023, which led to uncertainties in the global consumer market. In order to avoid risks, approximately HK$38.20 million of the Unutilised Net Proceeds remained unutilised as of 31 January 2023. In light of the relaxation of COVID-19 pandemic control in China and Malaysia, the global market is gradually recovering. In response to market changes, the management plans to gradually resume the utilisation of the remaining Unutilised Net Proceeds and it is expected that the remaining Unutilised Net Proceeds will be fully utilised within 12 months from the date of the Interim Report (i.e. 27 February 2024).

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 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 2023, 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 2022	Granted during the Financial Year	Exercised during the Financial Year	Cancelled/ Lapsed during the Financial Year	Outstanding at 30 June 2023	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**	

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

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 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 2023 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 2023 as set out in this preliminary announcement have been agreed by the Company'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 2023 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, 28 September 2023

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.