TBK & Sons Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1960)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2021

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 2021 (the "**Financial Year**") together with the comparative figures for the year ended 30 June 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	**2021** **RM'000**	2020 *RM'000*
Revenue	*5*	**189,081**	151,147
Cost of sales		**(175,784)**	(117,115)
Gross profit		**13,297**	34,032
Other income, net		**2,685**	5,273
Administrative expenses		**(13,118)**	(16,808)
Finance costs	*6*	**(485)**	(822)
Listing expenses		**–**	(3,838)
Share of loss of an associate, net of tax		**(182)**	–
Profit before income tax expense	*7*	**2,197**	17,837
Income tax expense	*8*	**(1,595)**	(5,692)
Profit for the year		**602**	12,145
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences on translation of foreign operations		**(2,332)**	2,509
Total comprehensive income for the year		**(1,730)**	14,654
Earnings per share	*9*		
— Basic (RM)		**0.06 sen**	1.29 sen
— Diluted (RM)		**0.06 sen**	1.29 sen

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 RM'000	2020 RM'000
Non-current assets			
Property, plant and equipment		**20,226**	23,200
Interest in an associate		**268**	–
Deferred tax assets		**321**	301
		20,815	23,501
Current assets			
Trade receivables, other receivables, deposits and prepayments	*11*	**31,541**	16,718
Contract assets	*12*	**23,051**	49,656
Financial assets at fair value through profit or loss		**–**	5,665
Pledged time deposits and bank balances		**14,640**	39,625
Cash and cash equivalents		**72,615**	47,315
Tax recoverable		**1,952**	711
		143,799	159,690
Current liabilities			
Trade and other payables	*13*	**14,021**	34,348
Contract liabilities		**3,884**	–
Lease liabilities		**1,767**	3,095
Bank borrowings		**2,891**	493
Tax payable		**7**	–
		22,570	37,936
Net current assets		**121,229**	121,754
Total assets less current liabilities		**142,044**	145,255
Non-current liabilities			
Lease liabilities		**1,360**	3,140
Bank borrowings		**1,974**	2,520
		3,334	5,660
NET ASSETS		**138,710**	139,595
Equity			
Share capital	*14*	**5,300**	5,300
Reserves		**133,410**	134,295
TOTAL EQUITY		**138,710**	139,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

1. GENERAL INFORMATION AND SIGNIFICANT EVENT

(a) 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 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. The controlling shareholders ("**Controlling Shareholders**") of the Company are Mr. Tan Hun Tiong and Mr. Tan Han Peng.

(b) Significant events in Malaysia

Political turmoil

Following the change of government in February 2020 and the appointment of Tan Sri Muhyiddin Yassin as the 8th Prime Minister of Malaysia by the King of Malaysia, Tan Sri Muhyiddin had tendered his resignation eighteen months later on 16 August 2021 after purportedly losing majority support of the members of parliament. Datuk Seri Ismail Sabri Yaakob was then appointed by the King as the 9th Prime Minister of Malaysia on 20 August 2021 and a new cabinet was sworn in on 30 August 2021.

COVID-19

The World Health Organisation ("**WHO**") declared the outbreak of COVID-19 first as a Public Health Emergency of International Concern on 30 January 2020 and as a pandemic on 11 March 2020. On 16 March 2020, the newly appointed Prime Minister of Malaysia announced that a Movement Control Order ("**MCO**") would be implemented from 18 March 2020 for two weeks. The MCO was extended several times until 10 June 2020 where it was replaced by a Recovery Movement Control Order ("**RMCO**") until 31 August 2020. The RMCO was subsequently extended until 31 December 2020.

The new daily cases started to increase and Conditional MCO ("**CMCO**") was announced for several States in October 2020. In view of the continued worsening of situation, MCO 2.0 was introduced and a State of Emergency was declared in January 2021. However, following a short reprieve, the daily new cases continued to spike and the Government declared a Full MCO ("**FMCO**") in June 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.

The Group has experienced significant disruption to its operations arising from the COVID-19 pandemic and the various phases of MCO as follows:

— Interruption to the operations due to new and ever-changing Standard Operating Procedures required to be implemented

— Negative impact on the demand for the Group's civil and structural works

The significant event and transaction that relate to the effects of the global pandemic on the Group's consolidated financial statements for the year ended 30 June 2021 are summarised as follows.

Decrease in revenue and profit margin

The Group considered the reduction in revenue and profit margin as indicators of impairment, and therefore determined the recoverable amount of its cash generating unit ("**CGU**") of civil and structure works. The recoverable amount is the greater of the fair value less costs to sell and value in use.

The Group conducted an impairment assessment of the CGU and the recoverable amount of the CGU, which is determined on the basis of value in use calculation, is greater than the carrying value of the CGU's non-current assets. The directors are of the opinion that no impairment provision is required.

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 (the "**Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the measurement of financial assets at fair value through profit or loss.

(c) Functional and presentation currency

The functional currency of the Company is Hong Kong dollars ("**HK$**") while the 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 REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of revised IFRSs — effective 1 July 2020

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

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest Rate Benchmark Reform

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

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

The following revised IFRSs, potentially relevant to the Group's 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[5]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to IAS 8	Definition of Accounting Estimates[5]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract[3]
Amendments to IFRS 3	Reference to the Conceptual Framework[4]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[2]
Annual Improvements to IFRSs 2018–2020	Amendment to IFRS 9 Financial Instruments, and Illustrative Examples accompanying IFRS 16 Leases[3]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after 1 April 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 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.
5 Effective for annual periods beginning on or after 1 January 2023.

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.

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

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

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

Year ended 30 June 2020	Site preparation works projects *RM'000*	Civil works projects *RM'000*	Building works projects *RM'000*	Total *RM'000*
Revenue				
Revenue from external customers	300	138,564	12,283	151,147
Segment cost of sales	(217)	(107,099)	(9,799)	(117,115)
Gross profit	83	31,465	2,484	34,032
Other income, net				5,273
Administrative expenses				(16,808)
Finance costs				(822)
Listing expenses				(3,838)
Profit before income tax expense				17,837
Income tax expense				(5,692)
Profit for the year				12,145

(b) Geographical information

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

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

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

	Revenue from external customers		**Specified non-current assets**	
	2021	2020	**2021**	2020
	RM'000	*RM'000*	***RM'000***	*RM'000*
Hong Kong	**–**	–	**23**	32
Malaysia	**82,365**	151,447	**20,158**	23,168
PRC	**106,716**	–	**45**	–
	189,081	151,447	**20,226**	23,200

(c) Major customers

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

Year ended 30 June 2021	**Site preparation works projects** *RM'000*	**Civil works projects** *RM'000*	**Building works projects** *RM'000*	**Trading of oil and related products** *RM'000*	**Total** *RM'000*
Customer A	**–**	**–**	**–**	**106,716**	**106,716**
Customer B	**–**	**N/A**	**–**	**–**	**N/A**
Customer C	**–**	**N/A**	**–**	**–**	**N/A**
Customer D	**–**	**N/A**	**–**	**–**	**N/A**

Year ended 30 June 2020	Site preparation works projects *RM'000*	Civil works projects *RM'000*	Building works projects *RM'000*	Total *RM'000*
Customer B	–	19,651	–	19,651
Customer C	–	66,517	–	66,517
Customer D	–	39,813	–	39,813

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

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:

	2021 *RM'000*	2020 *RM'000*
Recognised over time		
Contract revenue	**82,365**	151,147
Recognised at point in time		
Trading of oil and related products	**106,716**	—
	189,081	151,147

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.

	2021	2020
	RM'000	*RM'000*
Provision of civil and structural works	**34,488**	45,458

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 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

	2021	2020
	RM'000	*RM'000*
Interest on:		
— bank overdrafts	**41**	46
— term loans	**88**	206
— lease liabilities	**336**	457
— banker's acceptances	**20**	113
	485	822

7. PROFIT BEFORE INCOME TAX EXPENSE

	Note	2021 *RM'000*	2020 *RM'000*
Profit before income tax expense is arrived at after charging/(crediting):			
Auditors' remuneration		**470**	443
Short-term leases expenses		**2,358**	2,264
Depreciation of property, plant and equipment		**1,319**	1,355
Depreciation of right-of-use assets		**2,381**	2,828
Fair value gain on financial assets at fair value through profit or loss		**–**	(361)
Gain on settlement of distribution-in-specie to Controlling Shareholders		**–**	(3,499)
Gain on disposal of financial assets at fair value through profit or loss		**(1,109)**	(271)
Impairment loss on trade receivables and contract assets		**888**	438
Reversal of impairment loss on trade receivables and contract assets		**(109)**	–
Impairment loss on trade receivables and contract assets, net		**779**	438
Gain on disposal of property, plant and equipment		**–**	(248)
Write-off of property, plant and equipment		**63**	–
Employee benefits expenses (including directors' and chief executive's emoluments):			
— Wages, salaries and other benefits		**18,620**	21,923
— Contributions to defined contribution plans		**1,384**	1,301
— Equity-settled share-based payment expenses		**845**	–
Total employee costs		**20,849**	23,224
Less: amounts included in cost of sales		**(13,786)**	(13,889)
		7,063	9,335

8. INCOME TAX EXPENSE

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

	2021	2020
	RM'000	*RM'000*
Malaysian corporate income tax		
— provision for the year	**2,065**	6,601
— (over)/under provision in respect of prior years	**(457)**	85
	1,608	6,686
PRC enterprise income tax		
— provision for the year	**7**	–
Deferred tax	**(20)**	(994)
Income tax expense	**1,595**	5,692

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

For the years ended 30 June 2021 and 2020, the Malaysian 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%.

Ganglian High Energy (Hainan) Company Ltd ("**Ganglian High Energy**") is eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the year ended 30 June 2021. The preferential tax treatment states that the tax rate of annual taxable income of less than RMB1 million could be reduced at 12.5% from the applicable enterprise income tax rate of 20%.

No Hong Kong profits tax has been provided as the Group has no assessable profit for the years ended 30 June 2021 and 2020. As at 30 June 2021 and 2020, the Group has tax losses of approximately RM4,210,000 (2020: RM1,286,000) that are available for offsetting against its future taxable profits in Hong Kong. Under the current tax legislation, these tax losses have no expiry date.

The income tax expense for the years ended 30 June 2021 and 2020 can be reconciled to the profit before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021	2020
	RM'000	*RM'000*
Profit before income tax expense	**2,197**	17,837
Tax calculated at Malaysian statutory corporate tax rate	**527**	4,281
Effect of different tax rates in foreign jurisdictions	**211**	68
Tax effect of expenses not deductible for tax purposes	**1,402**	2,181
Tax effect of revenue not taxable for tax purposes	**(558)**	(923)
Tax effect of temporary differences not recognised	**–**	(4)
Tax effect of tax loss not recognised	**458**	212
(Over)/under provision of income tax expense in respect of prior years	**(457)**	85
Others	**12**	(208)
Income tax expense	**1,595**	5,692

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:

	2021	2020
	RM'000	*RM'000*
Earnings		
Profit for the year attributable to owners of the Company	**602**	12,145
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,000,000,000**	939,890,709
Effect of dilutive potential ordinary shares:		
— Share options	**123,104**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,000,123,104**	939,890,709

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 30 June 2020 included the weighted average number of shares pursuant to the Share Offer of 250,000,000 shares and 750,000,000 shares representing the number of ordinary shares of the Company immediately after the capitalisation issue of 749,999,900 new shares (the "**Capitalisation Issue**") as if all these shares had been in issue throughout the year ended 30 June 2020.

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

Diluted earnings per share amount for the year ended 30 June 2020 was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for that year.

10. DIVIDEND

No dividend was paid or proposed during the years ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of reporting period.

11. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	RM'000	*RM'000*
Trade receivables	**24,340**	15,683
Less: Allowance for impairment losses	**(583)**	(362)
	23,757	15,321
Advances paid to subcontractors and suppliers	**3,875**	33
Other receivables	**80**	199
Deposits	**3,204**	462
Prepayments	**625**	703
	31,541	16,718

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 30 June 2021 and 2020 are as follows:

	2021	2020
	RM'000	*RM'000*
1 to 90 days	**16,922**	11,840
91 to 180 days	**5,557**	3,266
Over 180 days	**1,861**	577
	24,340	15,683

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

The Group applies the simplified approach to provide for expected credit losses ("**ECLs**") prescribed by IFRS 9. During the years ended 30 June 2021 and 2020, a provision of RM221,000 and RM173,000 was made against the gross amounts of trade receivables, respectively.

12. CONTRACT ASSETS

	2021 *RM'000*	2020 *RM'000*
Contract assets	**23,874**	49,921
Less: Allowances for impairment losses	**(823)**	(265)
	23,051	49,656

As at 30 June 2021 and 30 June 2020, included in contract assets were accrued billings totalling RM10,123,000 and RM18,735,000 respectively. Accrued billings relate to the Group's right to consideration for work completed and not billed, and such right is conditional upon the Group's future performance in satisfying the respective performance obligations at the reporting date in respect of civil and structural works contracts. The balance as at 30 June 2021 decreased as compared to the balance as at 30 June 2020, even though the revenue for the last quarter of 2020 was about the same as the last quarter of 2021, mainly because Malaysia entered into MCO for the first time in March 2020 and the Group had to cease operations for about one and half months. Subsequently, even though operations were allowed to resume partly, the normal billing process was affected and delayed by the MCO resulting in a higher balance as at 30 June 2020 as compared to 30 June 2021.

As at 30 June 2021 and 2020, retention money for contract works amounted to RM13,751,000 and RM31,186,000, respectively, are included in contract assets. Retention money is part of the consideration that the customers retain which is payable on successful completion of the contracts in order to provide the customers with assurance that the Group will complete its obligation satisfactorily under the contracts, rather than to provide financing to the customers. Retention money is unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts. Retention money as at 30 June 2021 decreased since the value of the projects carried out during the year ended 30 June 2021 was lower than 2020. Further, part of the retention money as at 30 June 2020 was collected during the year ended 30 June 2021 after the expiry of the defect liability 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:

	2021 *RM'000*	2020 *RM'000*
Within one year	**9,259**	5,830
After one year	**4,492**	25,356
	13,751	31,186

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9. During the years ended 30 June 2021 and 2020, a provision of RM558,000 and RM265,000 was made against the gross amounts of contract assets, respectively.

13. TRADE AND OTHER PAYABLES

	2021 *RM'000*	2020 *RM'000*
Trade payables	**7,504**	26,416
Retention payables	**4,534**	2,841
Accruals	**1,827**	5,086
Other payables	**156**	5
	14,021	34,348

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

The ageing analysis of trade payables, based on invoice dates, as at 30 June 2021 and 2020 are as follows:

	2021	2020
	RM'000	*RM'000*
Within 30 days	**2,344**	3,610
31 to 60 days	**1,172**	1,777
61 to 90 days	**154**	7,335
Over 90 days	**3,834**	13,694
	7,504	26,416

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*
Ordinary shares of par value of HK$0.01 each			
Authorised			
At 1 July 2019	38,000,000	380,000	201
Increase in authorised share capital *(Note (i))*	9,962,000,000	99,620,000	52,799
At 30 June 2020 and 2021	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 2019	1	0.01	*
Issue of shares for reorganisation *(Note (ii))*	99	0.99	*
Issue of shares for Share Offer *(Note (iii))*	250,000,000	2,500,000	1,325
Issue of shares for Capitalisation Issue *(Note (iii))*	749,999,900	7,499,999	3,975
At 30 June 2020 and 2021	1,000,000,000	10,000,000	5,300

* Represents amount less than RM1,000

Notes:

(i) On 5 September 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares (the "**Shares**") to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 Shares which rank pari passu in all respects with the Shares in issue on 5 September 2019.

(ii) On 5 September 2019, the Company allotted and issued 79 Shares and 20 Shares with a par value of HK$0.01 per Share to TBKS International and Victory Lead Ventures Limited which were credited as fully paid as consideration for the transfer of their entire shareholdings interest in TBKS Investments to the Company.

(iii) On 27 September 2019, the Company allotted and issued a total of 250,000,000 Shares of HK$0.01 each at a price of HK$0.5 per Share as a result of the completion of the Share Offer. The gross proceeds from Share Offer of RM66.3 million (or HK$125 million equivalent) of which approximately RM1.3 million (or HK$2.5 million equivalent) was credited to the Company's share capital, and the remaining balance of approximately RM65.0 million (or HK$122.5 million equivalent) before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the Share Offer, RM3,975,000 (or HK$7,499,999 equivalent) was capitalised from the share premium account and applied in paying up in full at par 749,999,900 new Shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 5 September 2019 in proportion to their respective shareholdings.

15. EVENT AFTER THE REPORTING PERIOD

The global spread of the COVID-19 pandemic since early 2020 has a significant impact on the Group's revenue and earnings for the year ended 30 June 2021. On 28 May 2021, the Government of Malaysia announced a FMCO would be effective and extended indefinitely until further notice in the whole Malaysia. Under FMCO, all economic sectors are not allowed to operate with the exception of essential economic and service sectors. The management of the Group has taken all the relevant actions to minimise the unfavourable impact on the Group and is closely monitoring this situation. Up to the date of this announcement, there is still no known cure or fully proven vaccine for COVID-19, although the number of new daily cases in Malaysia has trended downwards from the high recorded in August 2021. It is not possible to estimate the potential impact on the financial results and position of the Group for the next financial year as at the date of this 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 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 Shares of the Company were successfully listed on the Main Board of the Stock Exchange on 30 September 2019. The Listing marked a milestone for the Group's strengthening our corporate profile, which has not only allowed the Group to access to the capital market for fund raising but also enhanced the credibility of the Group with customers, suppliers and other business partners, as well as the Group's ability to recruit, motivate and retain key management personnel. We believe that the net proceeds from the Listing will assist the implementation of the Group's future development and business strategies as set out in prospectus of the Company dated 16 September 2019 (the "**Prospectus**").

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 Financial Year 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 Financial Year.

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 People's Republic of China (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 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 CIDB Grade G7 qualification in Category CE, Category B and Category ME, which is the highest possible contractor licence under the CIDB and allows the Group to undertake civil and structural works of unlimited tender/contract value. Our civil and structural works services generally involve (i) site preparation works; (ii) civil works; and (iii) building works in the oil and gas industry.

The following table sets forth the breakdown of the revenue by nature of works for the years ended 30 June 2021 and 2020:

	2021		2020	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Site preparation works projects	**–**	**–**	300	0.2
Civil works projects	**63,467**	**77.1**	138,564	91.7
Building works projects	**18,898**	**22.9**	12,283	8.1
	82,365	**100.0**	151,147	100.0

The Group's revenue from civil and structural works decreased by approximately 45.5% from approximately RM151.1 million for the year ended 30 June 2020 to approximately RM82.4 million for the Financial Year. The decrease was mainly attributable to the ongoing COVID-19, the implementation of the MCO (in various forms such as MCO, MCO 2.0, CMCO, RMCO 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 Financial Year.

Site preparation works projects

During the Financial Year, the Group did not record any revenue from site preparation works projects (2020: RM0.3 million) since all such projects were completed during the financial year ended 30 June 2020. Further, no new project was started during the Financial Year.

Civil works projects

Revenue from civil works projects decreased from approximately RM138.6 million for the year ended 30 June 2020 to approximately RM63.5 million for the Financial Year, representing a decrease of approximately 54.2%.

The decrease was mainly due to the drop of revenue for Project 11 (approximately RM61.6 million) which was near completion during the Financial Year, and decreased in 3 projects which were completed during the Financial Year i.e. Project 13 (approximately RM26.3 million), Project 20 (approximately RM11.9 million) and Project 22 (approximately RM3.4

million). The decrease was partially offset by the rise in revenue from the on-going Project 25 (approximately RM4.4 million) and 5 new projects commenced during the Financial Year i.e. Project 26 (approximately RM3.3 million), Project 28 (approximately RM4.6 million), Project 30 (approximately RM1.9 million), Project 31 (approximately RM9.9 million) and Project 32 (approximately RM3.3 million).

Building works projects

Revenue from building works projects increased from approximately RM12.3 million for the year ended 30 June 2020 to approximately RM18.9 million for the Financial Year, representing an increase of approximately 53.9%. The increase was mainly attributable to the ongoing Project 23 (approximately RM0.5 million), Project 24 (approximately RM10.1 million) and Project 36 (approximately RM0.3 million) both of which were commenced during the Financial Year. The increase was partially offset by the drop in revenue for Project 19 (approximately RM4.7 million) which was completed during the Financial Year.

Projects on hand

As at 30 June 2021, the Group had 13 (2020: 11) 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	December 2021
Project 23	A refinery at Pengerang	Building works	PIPC	December 2019	September 2021
Project 24	A tank farm facilities at TG Bin	Building works	Non-PIPC	January 2020	November 2021
Project 25	A refinery at Port Dickson	Civil and Building works	Non-PIPC	June 2020	September 2021
Project 26	A gas refinery at Paka	Civil works	Non-PIPC	September 2020	November 2021
Project 27	A palm oil plant at Pasir Gudang	Building works	Non-PIPC	December 2020	September 2021
Project 28	A petro-chemical plant at Kerteh	Civil works	Non-PIPC	December 2020	November 2021
Project 30	A refinery at Pengerang	Civil works	PIPC	December 2020	December 2023
Project 31	A refinery at Pengerang	Civil works	PIPC	February 2021	October 2021
Project 32	Agro-farm facilities at Johor	Civil works	Non-PIPC	March 2021	July 2021
Project 33	Solar-farm facilities at Johor	Civil works	Non-PIPC	June 2021	December 2021
Project 35	A refinery at Port Dickson	Civil works	Non-PIPC	January 2021	December 2021

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 Financial Year under review, the Group's revenue from trading of oil and related products was approximately RM106.7 million and contributed a slim gross profit to the Group for the Financial Year. Nevertheless, 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

As reported by Bank Negara Malaysia ("**BNM**") in its report "Economic and Financial Developments in Malaysia in the 4th Quarter of 2020" released in February 2021, Malaysian economy registered a negative growth of 3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to the imposition of the CMCO on a number of states since mid-October. For 2020 as a whole, the Malaysian economy contracted by 5.6%.

In its Malaysia Economic Monitor published in June 2021, the World Bank indicated that Global GDP is projected to expand by 5.6% for 2021 and moderate to 4.3% in 2022. However, this remains 1.9% below pre-pandemic projections. Malaysia's economy is projected to grow by 4.5% in 2021, lower than the initial projections of 6.0%, reflecting a slower pathway to suppressing the pandemic and slower than expected vaccine rollout. Further, continued movement restrictions are expected to impact private consumption, resulting from slower wage growth and more precautious spending behavior by consumers.

In its report for the Second Quarter of 2021 released in August 2021, BNM expressed that "while the near-term growth outlook has been affected by the recent resurgence in COVID-19 cases, the Malaysian economy remains on a recovery path in 2021. While the resurgence of COVID-19 cases and the re-imposition of nationwide containment measures are expected to weigh on growth, the impact will be cushioned by several factors. These include continued allowances for essential economic sectors to operate, higher adaptability to remote work, as well as increased automation and digitalisation. Growth will be further supported by policy measures, which will provide cash flow support, particularly for affected households and businesses. Going forward, the growth trajectory will depend on the ability to contain the epidemic and materialisation of health outcomes from the nationwide vaccination programme. This will allow economic sectors to gradually reopen and provide some lift to household and business sentiments. Thus, in projecting the revised growth range for the year, BNM took into account the latest global economic developments, the implementation of the first phase of the National Recovery Plan (NRP), and assumptions on the gradual transitions to the second, third and fourth phases for each state based on the pace of vaccination rollouts, and healthcare system capacities. Against this backdrop, the Malaysian economy is projected to expand between 3.0% and 4.0% in 2021. The new growth projections are lower compared to the previously-announced growth range, due in large part to the re-imposition of nationwide containment measures. Nevertheless, the expected re-opening of the economy would support a gradual recovery in the fourth quarter this year, with higher global growth and sustained policy support providing a further lift to economic growth. The recovery is expected to accelerate further going into 2022, supported by a gradual normalisation of economic activities as well as the positive spillovers from continued improvement in external demand."

In Petronas's Activity Outlook 2021–2023 released in December 2020, it was stated that "the outlook in the Oil and Gas Industry remains challenging due to emerging fresh waves in the number of COVID-19 cases and prevailing uncertainty over OPEC+ production cuts in 2021. It is believed that the industry is now contending with a great reset. This is an undeniable and unavoidable imperative requiring immediate reforms along the whole value chain."

At the date of this announcement, the MCO (various phases) is still in force. Against this backdrop, we expect the next financial year 2022 to be equally challenging for the Group due to the postponement in contract works by project owners, deferment and scarcity of new capital intensive projects and other oil and gas industry activities, and intense competition for available contract works. However, we also believe that recovery, albeit choppy, may be forthcoming 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.

FINANCIAL REVIEW

Civil and Structural Works in Malaysia

Revenue

The Group's revenue from civil and structural works decreased by approximately 45.5% from approximately RM151.1 million for the year ended 30 June 2020 to approximately RM82.4 million for the Financial Year. The decrease was mainly attributable to the ongoing COVID-19, the implementation of the MCO (in various forms such as MCO, MCO 2.0, CMCO, RMCO 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 Financial Year.

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 years ended 30 June 2021 and 2020:

	2021		2020	
		approximately		*approximately*
	RM'000	***%***	*RM'000*	*%*
Direct materials	**13,397**	**19.2**	21,363	18.2
Subcontracting charges	**32,438**	**46.5**	72,075	61.5
Direct labour	**13,786**	**19.8**	13,889	11.9
Rental of machinery and equipment	**1,108**	**1.6**	242	0.2
Depreciation	**3,213**	**4.6**	2,826	2.4
Other costs	**5,793**	**8.3**	6,720	5.8
Total	**69,735**	**100.0**	117,115	100.0

The Group's cost of sales from civil and structural works 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 decreased from approximately RM117.1 million for the year ended 30 June 2020 to approximately RM69.7 million for the Financial Year, representing a decrease of approximately 40.5% which is in line with decrease in revenue.

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

Gross profit and gross profit margin

In line with the decrease in revenue from civil and structural works, the Group's gross profit from civil and structural works decreased from approximately RM34.0 million to RM12.6 million for the years ended 30 June 2020 and 2021, respectively, representing a decrease of approximately 62.9%. With combined effects of revenue and cost of sales from civil and structural works, the Group's gross profit margin from civil and structural works decreased from approximately 22.5% to 15.3% for the years ended 30 June 2020 and 2021, respectively.

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 Financial Year under review, the Group's revenue from trading of oil and related products was approximately RM106.7 million and contributed a gross profit of approximately RM0.7 million.

Administrative expenses

The Group's administrative expenses decreased from approximately RM16.8 million for the year ended 30 June 2020 to approximately RM13.1 million for the Financial Year. Such decrease was mainly attributable to the decrease in staff costs, professional fee and depreciation of right-of-use assets, which was partially offset by the increase in impairment loss on trade receivables and contract assets. The administrative expenses of the Group primarily consist of depreciation, staff costs, repairs and maintenance and legal and professional fees and other charges.

Finance costs

Finance costs represented interest on bank overdrafts, term loans, lease liabilities and banker's acceptances. For the years ended 30 June 2021 and 2020, the Group recorded finance costs of approximately RM0.5 million and RM0.8 million, respectively.

Income Tax Expense

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

For the years ended 30 June 2021 and 2020, the Malaysian income tax of TBK and Prestasi Senadi is calculated at the statutory tax rate of 24%.

Ganglian High Energy is eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the Financial Year. The preferential tax treatment states that the tax rate of annual taxable income of less than RMB1.0 million could be reduced at 12.5% from the applicable enterprise income tax rate of 20%.

No Hong Kong profits tax has been provided as the Group has no assessable profit for the years ended 30 June 2021 and 2020. As at 30 June 2021 and 2020, the Group has tax losses of approximately RM4,210,000 (2020: RM1,286,000) that are available for offsetting against its future taxable profits in Hong Kong. Under the current tax legislation, these tax losses have no expiry date.

The Group's income tax expense was approximately RM1.6 million for the Financial Year (2020: RM5.7 million).

Profit and Earnings per Share

As a result of the foregoing, the Group's profit was approximately RM0.6 million for the Financial Year (2020: RM12.1 million). Basic and diluted earnings per share was approximately RM0.06 sen (2020: RM1.29 sen).

Key Financial Ratio

		As at/for the year ended 30 June	
	Notes	**2021**	2020
Current ratio (times)	*1*	**6.4**	4.2
Quick ratio (times)	*2*	**6.4**	4.2
Gearing ratio (%)	*3*	**5.8**	6.6
Debt to equity (%)	*4*	**N/A**	N/A
Return on equity (%)	*5*	**0.4**	8.7
Return on total assets (%)	*6*	**0.4**	6.6
Interest coverage (times)	*7*	**5.5**	22.7

Notes:

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

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

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

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

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

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

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

Liquidity, Financial Resources and Capital Structure

As at 30 June 2021,

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 RM14.6 million (2020: RM39.6 million) and approximately RM72.6 million (2020: RM47.3 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 RM3.1 million (2020: RM6.2 million) and RM4.9 million (2020: RM3.0 million), respectively. All of the lease liabilities and bank borrowings were denominated in RM; and

d. the Group's total equity attributable to owners of the Company was approximately RM138.7 million (2020: RM139.6 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 (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 Financial Year.

Capital Commitments

As at 30 June 2021 and 2020, the Group had no significant capital commitments.

Pledge of Assets

As at 30 June 2021, the freehold land, freehold land and buildings, leasehold land and leasehold land and building of the Group with total net carrying amount of approximately RM9.3 million (2020: RM9.3 million) were pledged to licensed banks as security for credit facilities granted to the Group. As at 30 June 2021 and 2020, pledge of the Group's fixed deposits and bank balances were approximately RM14.6 million and RM39.6 million, respectively.

Future Plan for Material Investments and Capital Assets

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

Contingent Liabilities

As at 30 June 2021 and 2020, the Group did not have any significant contingent liabilities or outstanding litigation.

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, HK$ or RMB, 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 during the Financial Year.

Employees and Remuneration Policy

As at 30 June 2021, the Group had 375 (2020: 422) employees (including foreign labour), as general labour workforce for the Group's civil and structural works, all of whom were directly hired by the Group. 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 Financial Year, the Group's employee cost, including Directors' emoluments, were approximately RM20.8 million (2020: RM23.2 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 30 June 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 30 June 2021, all of the unused proceeds were deposited in the licensed bank in Hong Kong or Malaysia. During the Relevant Period, the Net Proceeds have been applied as follows:

	Balance of unutilized Net Proceeds brought forward from 30 June 2020 *HK$'million*	**Amount of Net Proceeds used during the Financial Year** *HK$'million*	**Balance of unutilized Net Proceeds as at 30 June 2021** *HK$'million*	**Expected timeline for unutilized Net Proceeds**
To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	8.9	—	8.9	30 June 2022
To expand the Group's workforce	13.4	—	13.4	30 June 2022
To acquire machinery	17.8	—	17.8	30 June 2022
To finance for the upfront expenditures of new projects	24.6	3.0	21.6	30 June 2022
To acquire business	13.4	—	13.4	30 June 2022
To set aside for working capital purpose	2.4	2.4	—	—
	80.5	5.4	75.1	

The original expected timeline of unutilized Net Proceeds in respect of the acquisition of business was 30 June 2021. However, the Net Proceeds have not yet been utilized 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 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 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. Therefore, without change in the business objective as stated in the Prospectus and taking into account of the impact from COVID-19 pandemic, the Group plans to extend the expected time line for the utilization of the unused proceeds to 30 June 2022 in order to enhance flexibility for the future development 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 "**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 Share Options was HK$0.34 per Share and the closing price of the Shares immediately before the date 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 Share Options were set out in the Company's announcement dated 12 May 2021.

As at 30 June 2021, the total number of Shares available for issue under the Share Option Scheme was 100,000,000, representing 10% 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 2020	Granted during the Financial Year	Exercised during the Financial Year	Cancelled/ Lasped during the Financial Year	Outstanding at 30 June 2021	Validity period of the Options
Mr. Lam Tze Chung, a director of subsidiaries of the Company	12 May 2021	0.35	0	5,000,000	0	0	5,000,000	12 May 2021 to 11 May 2026
Employee	12 May 2021	0.35	0	5,000,000	0	0	5,000,000	12 May 2021 to 11 May 2026
Total:			0	10,000,000	0	0	10,000,000	

Note: Employee working under employment contracts that were regarded as "continuous contracts".

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 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 Financial Year.

CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Company's shareholders (the "**Shareholders**") and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognise 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, save for the following deviations as explained below. 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.

Non-compliance with Rules 3.10(1), 3.21 and 3.25 of the Listing Rules and A.5.1 of the CG Code during the Financial Year

As announced by the Company dated 1 February 2021, Mr. Ng Chiou Gee Willy ("**Mr. Ng**") resigned as an independent non-executive Director (the "**INED**") and ceased to be the chairman of the Nomination Committee, the member of both the Audit Committee and the Remuneration Committee. Following the resignation of Mr. Ng, the Board comprised two INEDs only and failed to meet the requirements of (a) at least three INEDs on the Board under Rule 3.10(1) of the Listing Rules; (b) Audit Committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules; (c) the Remuneration Committee comprising a majority of INEDs under Rule 3.25 of the Listing Rules; and (d) the Nomination Committee comprising a majority of INEDs and chaired by the chairman of the board or an INED under code provision A.5.1 of the CG code.

Following the appointment of Mr. Wong Sze Lok on 4 February 2021, the Company had complied with the requirements under Rules 3.10(1), 3.21, 3.25 of the Listing Rules and A.5.1 of the CG code. For details, please refer to the announcements of the Company dated 1 February 2021 and 3 February 2021, respectively.

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 INEDs, 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 2021 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 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Financial Year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This annual results announcement is published on the websites of the Company (www.tbkssb.com.my) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for the year ended 30 June 2021 will be despatched to Shareholders and available on the same websites in due course.

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

Hong Kong, 27 September 2021

As at the date of this announcement, the Board comprises Mr. Tan Hun Tiong, Mr. Tan Han Peng and Mr. Tang Zhiming 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.