TBK & SONS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1960

2022/23

INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Hun Tiong *(Chairman)*
Mr. Tan Han Peng
(Chief executive officer)
Mr. Tang Zhiming
Mr. Chen Da

Non-executive Director

Ms. Chooi Pey Nee

Independent Non-executive Directors

Mr. Chu Hoe Tin
Mr. Ng Ying Kit
Mr. Wong Sze Lok

AUTHORISED REPRESENTATIVES

Mr. Tan Han Peng
Mr. Lam Wing Tai

AUDIT COMMITTEE

Mr. Chu Hoe Tin *(Chairman)*
Mr. Ng Ying Kit
Mr. Wong Sze Lok

REMUNERATION COMMITTEE

Mr. Ng Ying Kit *(Chairman)*
Mr. Tan Han Peng
Mr. Wong Sze Lok

NOMINATION COMMITTEE

Mr. Wong Sze Lok *(Chairman)*
Mr. Chu Hoe Tin
Mr. Tan Han Peng

COMPANY SECRETARY

Mr. Lam Wing Tai

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 333, Kampung Paya
Batu 2 Jalan Seremban, Port Dickson
Negeri Sembilan, Malaysia

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1903, 19/F, West Tower
Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

BDO Limited
(Certified Public Accountants and Registered Public Interest Entity Auditor)
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

CIMB Bank Berhad
1st Floor, Wisma DPMNS
Jalan Dato Bandar Tunggal
70000 Seremban
Negeri Sembilan
Malaysia

United Overseas Bank (Malaysia) Bhd
Level 7, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Malaysia

WEBSITE

www.tbkssb.com.my

STOCK CODE

1960

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of TBK & Sons Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 31 December 2022 (the "**Period**") together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

		Six months ended 31 December	
		2022	2021
		Unaudited	Unaudited
	Notes	**RM'000**	RM'000
Revenue	5	**301,962**	328,682
Cost of sales		**(289,722)**	(315,140)
Gross profit		**12,240**	13,542
Other income and gains		**2,480**	231
Selling and distribution expenses		**(890)**	(653)
Administrative expenses		**(8,797)**	(7,171)
Finance costs	6	**(375)**	(213)
Share of profit/(loss) of an associate, net of tax		**2**	(32)
Profit before income tax expense	7	**4,660**	5,704
Income tax expense	8	**(2,047)**	(1,793)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Notes	Six months ended 31 December	
		2022	2021
		Unaudited	Unaudited
		RM'000	RM'000
Profit for the period		**2,613**	3,911
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences on translation of foreign operations		**(1,753)**	1,024
Total comprehensive income for the period		**860**	4,935
Profit attributable to:			
— Owners of the Company		**2,415**	3,911
— Non-controlling interests		**198**	–
		2,613	3,911
Total comprehensive income attributable to:			
— Owners of the Company		**688**	4,935
— Non-controlling interests		**172**	–
		860	4,935
Earnings per share	9		
— Basic (RM)		**0.24 sen**	0.39 sen
— Diluted (RM)		**0.24 sen**	0.39 sen

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Non-current assets			
Property, plant and equipment	11	**22,040**	24,642
Intangible assets		**471**	577
Interest in an associate		**123**	121
		22,634	25,340
Current assets			
Trade receivables, other receivables, deposits and prepayments	12	**90,772**	102,296
Contract assets	13	**24,697**	30,046
Amount due from an associate		**–**	54
Pledged time deposits and bank balances		**5,254**	6,325
Cash and cash equivalents		**45,370**	74,156
Tax recoverable		**3,368**	2,947
		169,461	215,824
Asset held for disposal		**–**	214
		169,461	216,038

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Current liabilities			
Trade and other payables	14	**22,835**	22,969
Contract liabilities	15	**5,989**	53,735
Lease liabilities		**3,452**	3,878
Bank borrowings		**2,245**	2,614
Tax payable		**1,986**	726
		36,507	83,922
Net current assets		**132,954**	132,116
Total assets less current liabilities		**155,588**	157,456
Non-current liabilities			
Lease liabilities		**906**	3,399
Bank borrowings		**983**	1,215
Deferred tax liabilities		**–**	3
		1,889	4,617
NET ASSETS		**153,699**	152,839
Equity			
Share capital	16	**5,300**	5,300
Reserves		**146,954**	146,266
Equity attributable to owners of the Company		**152,254**	151,566
Non-controlling interests		**1,445**	1,273
TOTAL EQUITY		**153,699**	152,839

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Share capital RM'000 (Note 16)	Share premium RM'000	Share option reserve RM'000 (Note (a))	Merger reserve RM'000 (Note (b))	Exchange translation reserve RM'000 (Note (c))	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2021 (audited)	5,300	51,793	845	12,350	177	68,245	138,710	–	138,710
Profit for the period	–	–	–	–	–	3,911	3,911	–	3,911
Exchange differences on translation of foreign operations	–	–	–	–	1,024	–	1,024	–	1,024
Total comprehensive income for the period	–	–	–	–	1,024	3,911	4,935	–	4,935
At 31 December 2021 (unaudited)	5,300	51,793	845	12,350	1,201	72,156	143,645	–	143,645
At 1 July 2022 (audited)	**5,300**	**51,793**	**845**	**12,350**	**2,631**	**78,647**	**151,566**	**1,273**	**152,839**
Profit for the Period	**–**	**–**	**–**	**–**	**–**	**2,415**	**2,415**	**198**	**2,613**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(1,727)**	**–**	**(1,727)**	**(26)**	**(1,753)**
Total comprehensive income for the Period	**–**	**–**	**–**	**–**	**(1,727)**	**2,415**	**688**	**172**	**860**
At 31 December 2022 (unaudited)	**5,300**	**51,793**	**845**	**12,350**	**904**	**81,062**	**152,254**	**1,445**	**153,699**

Notes:

(a) Share option reserve

Cumulative expenses recognised on the granting of share options to the employees.

(b) Merger reserve

Merger reserve as at 31 December 2021 and 2022 represented the difference between the investment costs in subsidiaries and the aggregate amount of issued share capital of subsidiaries acquired pursuant to a group reorganisation.

(c) Exchange translation reserve

Exchange translation reserve represented foreign exchange differences arising from the translation of the financial statements of foreign operations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022 unaudited RM'000	2021 unaudited RM'000
Net cash (used in)/generated from operating activities	**(25,785)**	6,692
Investing activities		
Purchase of property, plant and equipment	**(643)**	(429)
Proceeds from disposal of freehold land	**1,533**	–
Movements in pledged time deposits and bank balances	**1,071**	8,457
Other cash flows arising from investing activities	**103**	67
Net cash generated from investing activities	**2,064**	8,095
Financing activities		
Interest paid on bank borrowings	**(185)**	(51)
Interest paid on lease liabilities	**(180)**	(148)
Repayment of bank borrowings	**(601)**	(1,872)
Repayment of lease liabilities	**(2,725)**	(2,688)
Net cash used in financing activities	**(3,691)**	(4,759)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Six months ended 31 December	
	2022 unaudited RM'000	2021 unaudited RM'000
Net (decrease)/increase in cash and cash equivalents	**(27,412)**	10,028
Cash and cash equivalents at beginning of period	**74,156**	72,615
Effect of exchange rate changes on cash and cash equivalents	**(1,374)**	1,000
Cash and cash equivalents at end of period	**45,370**	83,643
Analysis of cash and cash equivalents		
Cash and bank balances	**45,370**	83,643

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

1. GENERAL INFORMATION

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

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of civil and structural works in Malaysia and 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.

2. BASIS OF PREPARATION AND PRESENTATION

2.1 Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

2.2 Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2022 (the "**2022 Financial Statements**") and the new or revised International Financial Reporting Standards ("**IFRS(s)**") which are effective for the annual period beginning on or after 1 July 2022 and relevant to the Group.

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

The condensed consolidated financial statements do not include all the information and disclosures required in the 2022 Financial Statements, and should be read in conjunction with the 2022 Financial Statements.

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

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

Certain comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2021 have been reclassified to conform with the current period's presentation. As a result, the selling and distribution expenses increased by RM653,000 while the administrative expenses decreased by RM653,000, respectively.

3. ADOPTION OF NEW OR REVISED IFRSs

(a) Adoption of new or revised IFRSs

In the Period, the Group has adopted all the new or revised IFRSs which are effective for the annual period beginning on or after 1 July 2022 and relevant to the Group. The adoption of these amendments had no significant impact on the results and financial position of the Group.

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

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

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[1]
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]

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

2 No mandatory effective date yet determined but available for adoption.

4. SEGMENT REPORTING

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

One of the executive Directors 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 four (2021: three) reportable segments summarised as follows:

(i) Civil works projects

(ii) Building works projects

(iii) Construction and renovation works projects

(iv) Trading of oil and related products

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies as set out in the 2022 Financial Statements.

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

4. SEGMENT REPORTING *(Continued)*

(a) Reportable segment *(Continued)*

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

For the six months ended 31 December 2022	Civil works projects Unaudited RM'000	Building works projects Unaudited RM'000	Construction and renovation works projects Unaudited RM'000	Trading of oil and related products Unaudited RM'000	Total Unaudited RM'000
Revenue					
Revenue from external customers	21,271	2,000	16,271	262,420	301,962
Segment cost of sales	(19,164)	(1,376)	(14,613)	(254,569)	(289,722)
Gross profit	2,107	624	1,658	7,851	12,240
Other income and gains					2,480
Selling and distribution expenses					(890)
Administrative expenses					(8,797)
Finance costs					(375)
Share of profit of an associate, net of tax					2
Profit before income tax expense					4,660
Income tax expense					(2,047)
Profit for the Period					2,613

4. SEGMENT REPORTING *(Continued)*

(a) Reportable segment *(Continued)*

For the six months ended 31 December 2021	Civil works projects Unaudited RM'000	Building works projects Unaudited RM'000	Trading of oil and related products Unaudited RM'000	Total Unaudited RM'000
Revenue				
Revenue from external customers	21,620	2,436	304,626	328,682
Segment cost of sales	(20,555)	(2,319)	(292,266)	(315,140)
Gross profit	1,065	117	12,360	13,542
Other income, net				231
Selling and distribution expenses				(653)
Administrative expenses				(7,171)
Finance costs				(213)
Share of loss of an associate, net of tax				(32)
Profit before income tax expense				5,704
Income tax expense				(1,793)
Profit for the period				3,911

4. SEGMENT REPORTING *(Continued)*

(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, interest in an associate and deferred tax assets ("**Specified non-current assets**").

	Revenue from external customers		Specified non-current assets	
	For the six months ended 31 December		As at 31 December	As at 30 June
	2022 Unaudited RM'000	2021 Unaudited RM'000	2022 Unaudited RM'000	2022 Audited RM'000
Hong Kong	–	–	14	18
Malaysia	23,271	24,056	16,182	17,572
PRC	278,691	304,626	5,844	7,052
	301,962	328,682	22,040	24,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2022

4. SEGMENT REPORTING *(Continued)*

(c) Major customers

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

For the six months ended 31 December 2022	Civil works projects Unaudited RM'000	Building works projects Unaudited RM'000	Construction and renovation works projects Unaudited RM'000	Trading of oil and related products Unaudited RM'000	Total Unaudited RM'000
Customer A	–	–	–	–	–
Customer B	–	–	–	145,829	145,829
Customer C	–	–	–	86,786	86,786

For the six months ended 31 December 2021	Civil works projects Unaudited RM'000	Building works projects Unaudited RM'000	Construction and renovation works projects Unaudited RM'000	Trading of oil and related products Unaudited RM'000	Total Unaudited RM'000
Customer A	–	–	–	304,626	304,626

5. REVENUE

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

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

	Six months ended 31 December	
	2022	2021
	Unaudited	Unaudited
	RM'000	RM'000
Recognised over time		
Contract revenue	**39,542**	24,056
Recognised at point in time		
Trading of oil and related products	**262,420**	304,626
	301,962	328,682

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.

5. REVENUE *(Continued)*

Transaction price allocated to the remaining performance obligations

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

	As at 31 December	
	2022	2021
	Unaudited	Unaudited
	RM'000	RM'000
Provision of civil and structural works	**46,253**	23,979

Based on the information available to the Group as at the end of each reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 31 December 2022 and 2021 will be recognised as revenue during the years ended 30 June 2022 to 30 June 2025 in respect of provision of civil and structural works.

6. FINANCE COSTS

	Six months ended 31 December	
	2022	2021
	Unaudited	Unaudited
	RM'000	RM'000
Interest on:		
— bank overdrafts	**10**	14
— term loans	**24**	31
— lease liabilities	**180**	148
— banker's acceptances	**161**	20
	375	213

7. PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended 31 December	
	2022	2021
	Unaudited	Unaudited
	RM'000	RM'000
Profit before income tax expense is arrived at after charging/(crediting):		
Short-term leases expenses	**807**	1,303
Depreciation of property, plant and equipment	**927**	784
Depreciation of right-of-use assets	**2,045**	1,189
Provision/(reversal) of impairment loss on trade receivables and contract assets, net	**90**	(1,112)
Reversal of impairment loss on advances paid to subcontractors and suppliers	**(1,146)**	–
Gain on disposal of freehold land	**(1,319)**	–
Employee benefits expenses (including directors' and chief executives' emoluments):		
— Wages, salaries and other benefits	**11,172**	10,955
— Contributions to defined contribution plans	**692**	358
Total employee costs	**11,864**	11,313
Less: amounts included in cost of sales	**(6,064)**	(6,294)
	5,800	5,019

8. INCOME TAX EXPENSE

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

	Six months ended 31 December	
	2022 **Unaudited** **RM'000**	2021 Unaudited RM'000
Malaysian corporate income tax — provision for the period	**27**	16
PRC enterprise income tax — provision for the period	**2,020**	1,510
Deferred tax	**–**	267
Income tax expense	**2,047**	1,793

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

For the six months ended 31 December 2022 and 2021, the Malaysian corporate income tax of Tan Bock Kwee & Sons Sdn. Bhd. ("**TBK**") and Prestasi Senadi Sdn. Bhd. ("**Prestasi Senadi**") is calculated at the statutory tax rate of 24%.

The provision for PRC current income tax for 聯高能源(山東)有限公司 (Liangao Energy (Shandong) Company Limited) ("**Liangao Shandong**") is based on a statutory rate of 25% of the assessable profit for the six months ended 31 December 2022 and 2021 as determined in accordance with the relevant income tax rules and regulations of the PRC.

8. INCOME TAX EXPENSE *(Continued)*

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

Other than the above-mentioned subsidiaries, certain PRC subsidiaries are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the six months ended 31 December 2022 and 2021. 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 six months ended 31 December 2022 and 2021.

9. EARNINGS PER SHARE

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

	Six months ended 31 December	
	2022	2021
	Unaudited	Unaudited
	RM'000	RM'000
Earnings		
Profit for the period attributable to owners of the Company	**2,415**	3,911
Number of Shares		
Weighted average number of ordinary Shares for the purposes of basic earnings per Share	**1,000,000,000**	1,000,000,000
Effect of dilutive potential ordinary Shares:		
— Share options	**1,750,503**	1,726,855
Weighted average number of ordinary Shares for the purposes of diluted earnings per Share	**1,001,750,503**	1,001,726,855

The weighted average number of ordinary Shares used to calculate the diluted earnings per Share amount for the six months ended 31 December 2022 and 2021 included the weighted average number of Shares deemed to be issued at less than fair value pursuant to options of 10,000,000 shares granted on 12 May 2021.

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment with cost of approximately RM0.6 million (six months ended 31 December 2021: RM0.4 million) and did not dispose any property, plant and equipment (six months ended 31 December 2021: RM0.1 million). The Group did not acquire any right-of-use assets (six months ended 31 December 2021: RM4.4 million) and did not transfer any right-of-use assets to items of property, plant and equipment (six months ended 31 December 2021: RM2.9 million).

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Trade receivables	**78,341**	42,895
Less: Allowance for impairment losses	**(1,506)**	(930)
	76,835	41,965
Advances paid to subcontractors and suppliers	**6,257**	60,269
Less: Allowance for impairment losses	**(147)**	(1,298)
	6,110	58,971
Other receivables	**1,743**	248
Deposits	**797**	898
Prepayments	**5,287**	214
	90,772	102,296

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

The ageing analysis of trade receivables, based on invoice dates, as at 31 December 2022 and 30 June 2022 are as follows:

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
1 to 90 days	**21,733**	33,164
91 to 180 days	**29,477**	5,208
181 to 270 days	**27,131**	646
271 to 360 days	**–**	3,296
Over 360 days	**–**	581
	78,341	42,895

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

The Group applies the simplified approach to provide for expected credit losses ("**ECLs**") prescribed by IFRS 9. During the Period, a net provision of RM576,000 (2021: reversal of provision RM412,000) was made against the gross amounts of trade receivables.

13. CONTRACT ASSETS

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Contract assets	**25,015**	30,870
Less: Allowances for impairment losses	**(318)**	(824)
	24,697	30,046

As at 31 December 2022 and 30 June 2022, included in contract assets were accrued billings totalling RM19,056,000 and RM23,419,000, respectively. Accrued billings relate to the Group's right to consideration for work completed and not billed, and such right is conditional upon the Group's future performance in satisfying the respective performance obligations as at the reporting date in respect of civil and structural works contracts. The balance as at 31 December 2022 decreased as compared to the balance as at 30 June 2022 since there were less projects in the construction stage and most of the billings have been issued.

As at 31 December 2022 and 30 June 2022, retention money for contract works amounted to RM5,959,000 and RM7,451,000, respectively, are included in contract assets.

13. CONTRACT ASSETS *(Continued)*

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 31 December 2022 decreased as compared to the balance as at 30 June 2022 since there was less construction stage performed during the Period and part of the retention money were collected after expiry of the project warranty period. The retention money is to be settled, based on the completion of defects liability period at the end of each reporting period as follows:

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Within one year	**2,259**	5,204
After one year	**3,700**	2,247
	5,959	7,451

The Group applied the simplified approach to provide for ECLs prescribed by IFRS 9. During the Period, a net reversal of provision of RM506,000 (2021: RM700,000) was made against the gross amounts of contract assets.

14. TRADE AND OTHER PAYABLES

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Trade payables	**17,200**	13,516
Retention payables	**1,169**	3,506
Accruals	**2,056**	2,805
Provision for onerous contracts	**167**	167
Other payables	**2,243**	2,975
	22,835	22,969

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

The ageing analysis of trade payables, based on invoice dates, as at 31 December 2022 and 30 June 2022 are as follows:

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Within 30 days	**3,180**	10,086
31 to 60 days	**4,093**	769
61 to 90 days	**6**	1,346
Over 90 days	**9,921**	1,315
	17,200	13,516

14. TRADE AND OTHER PAYABLES *(Continued)*

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

As at 31 December 2022, the Group recognised a provision of RM167,000 (30 June 2022: RM167,000) for onerous contracts relating to construction contracts. Movements in the provision for onerous contracts are as follows:

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
As at 1 July	**167**	–
Provision for the period/year	**–**	167
As at 31 December and 30 June	**167**	167

15. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at 31 December 2022 and 30 June 2022 and will be expected to be recognised within one year.

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
Trading of oil and related products	**5,989**	53,131
Sublease rental income received in advance	**–**	604
Total	**5,989**	53,735

15. CONTRACT LIABILITIES *(Continued)*

It represented amounts received from customers in advance in relation to trading of oil and related products and the subleasing. The amounts of revenue from trading of oil and related products are recognised when control of the goods has transferred which is upon the delivery of the related goods to the customers. Sublease rental income is recognised on a straight line basis over the term of the lease.

Movements in contract liabilities are as follows:

	As at 31 December 2022 Unaudited RM'000	As at 30 June 2022 Audited RM'000
As at 1 July	**53,735**	3,884
Decrease in contract liabilities as a result of recognising revenue during the period which was include in the contract liabilities at the beginning of the period	**(51,971)**	(3,884)
Increase in contract liabilities as a result of receiving deposits	**4,225**	53,735
As at 31 December and 30 June	**5,989**	53,735

16. SHARE CAPITAL

	Number	Amount HK$	Amount RM'000
Ordinary Shares of par value of HK$0.01 each			
Authorised			
At 1 July 2021, 30 June 2022 and 31 December 2022	10,000,000,000	100,000,000	53,000
Ordinary Shares of par value of HK$0.01 each			
Issued and fully paid			
At 1 July 2021, 30 June 2022 and 31 December 2022	1,000,000,000	10,000,000	5,300

17. SHARE-BASED PAYMENT

The Company has a share option scheme (the "**Share Option Scheme**") for eligible employees of the Group. Details of the share options outstanding during the Period are as follows:

Date of offer of grant	At 1 July 2022	Granted during the Period	At 31 December 2022	Exercise price		Closing price at date of offer of grant		Exercise period	Vesting period
				HK$	RM	HK$	RM		
12 May 2021	10,000,000	–	10,000,000	0.35	0.19	0.34	0.18	12 May 2021 to 11 May 2026	N/A

There was no exercise of share options during the six months ended 31 December 2022 and 2021 and 10,000,000 share options were exercisable at 31 December 2022 and 2021.

17. SHARE-BASED PAYMENT *(Continued)*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on Binomial model. The contractual life of the share options and expectations of early exercise of the share options were incorporated into the model.

Fair value of share options and assumptions:

	Offer of grant on 12 May 2021
Share price at the date of offer of grant	HK$0.34 (equivalent to RM0.18)
Exercise Price	HK$0.35 (equivalent to RM0.19)
Expected volatility	66.39%
Expected life	5 years
Expected dividend rate	0%
Risk-free interest rate	0.649%

The expected volatility is based on the historical 5-year daily price volatility of comparable listed companies. This is because the Shares were listed on 30 September 2019 and so historical 5-year daily price volatility of the Shares was not available. The risk-free interest rate is based on yield of Hong Kong Government Bond.

According to the rules of the Share Option Scheme, the options accepted by the grantees can be exercised in whole or in part at any time commencing on 12 May 2021 and expiring on 11 May 2026. Based on this rule, all the share options can be exercised as at 30 June 2021 and therefore the fair value of share options was recognised in full for the year ended 30 June 2021.

No equity-settled share-based payment expense was recognised during the Period (2021: Nil).

18. RELATED PARTY TRANSACTIONS

(a) The Group had the following transaction with related party during the period:

Name of related party	Relationship	Nature of transaction	Six months ended 31 December 2022 Unaudited RM'000	2021 Unaudited RM'000
OME Diversified	Associate	Sub-contracting charges	**507**	55

The related party transaction described above was carried out based on negotiated terms and conditions agreed with the related party.

(b) **Compensation of key management**

Remuneration of key management personnel, who are directors of the Company, during the periods were as follows:

	Six months ended 31 December 2022 Unaudited RM'000	2021 Unaudited RM'000
Salaries and other benefits	**1,554**	1,511
Contributions to defined contribution plans	**74**	57
	1,628	1,568

19. EVENTS AFTER THE REPORTING PERIOD

Except for the continuous impact of the Covid-19 pandemic as disclosed in this interim report, the management of the Group is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a civil and structural works contractor undertaking civil and structural works in the oil and gas industry in Malaysia. The Shares of the Company were successfully listed on 30 September 2019. The Listing marked a milestone for the Group in strengthening our corporate profile, which has not only allowed the Group to access to the capital market for fund raising but also enhanced the credibility of the Group with customers, suppliers and other business partners, as well as the Group's ability to recruit, motivate and retain key management personnel. We believe that the net proceeds from the Listing will assist the implementation of the Group's future development and business strategies as set out in the prospectus of the Company dated 16 September 2019 (the "**Prospectus**") and the Company's announcement in relation to change in use of proceeds dated 31 January 2022.

Since the early 2020, the COVID-19 pandemic swept across the globe and a series of precautionary and control measures have been undertaken by governments across the world including Hong Kong, Malaysia and the PRC. Although most countries have lifted the restrictions imposed to prevent COVID-19 transmission in 2021 and 2022, the 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 management of the Group has taken all the relevant actions to minimise the unfavourable impact on the Group and is closely monitoring the situation. The management believes that the Group will remain resilient amidst the current uncertain and challenging outlook.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Civil and Structural Works in Malaysia

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

Despite Malaysia Government had lifted the strict measures imposed in the past to curb the spread of COVID-19 pandemic, the Group continues 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 revenue of the Group's civil and structural works and financial results for the Period.

The following table sets forth the breakdown of the revenue by nature of works for the six months ended 31 December 2022 and 2021:

	For the six months ended 31 December			
	2022		2021	
		approximately		approximately
	RM'000	**%**	RM'000	%
Site preparation works projects	**–**	**0.0**	–	0.0
Civil works projects	**21,271**	**91.4**	21,620	89.9
Building works projects	**2,000**	**8.6**	2,436	10.1
	23,271	**100.0**	24,056	100.0

In light of the COVID-19 pandemic in the past years, the Group's operations were significantly disrupted by postponement in contract awards, deferment of new projects and decline in other oil and gas industry activities, labour shortage and intense competition for available contract works. As a result, the Group's revenue from civil and structural works in Malaysia decreased by approximately 3.3% from approximately RM24.1 million for the six months ended 31 December 2021 to approximately RM23.3 million for the Period.

Site preparation works projects

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

Civil works projects

Revenue from civil works projects decreased from approximately RM21.6 million for the six months ended 31 December 2021 to approximately RM21.3 million for the Period, representing a decrease of approximately 1.6%.

The decrease was mainly attributable to the drop in revenue for 2 ongoing projects i.e. Project 1 (approximately RM0.3 million) and Project 30 (approximately RM1.7 million); 9 projects which were completed during the financial year ended 30 June 2022 i.e. Project 11 (approximately RM3.1 million), Project 26 (approximately RM3.4 million), Project 27 (approximately RM0.3 million), Project 28 (approximately RM2.5 million), Project 31 (approximately RM1.0 million), Project 32 (approximately RM0.3 million), Project 33 (approximately RM4.1 million), Project 37 (approximately RM0.4 million) and Project 38 (approximately RM0.5 million).

The decrease was partially offset by the increase in revenue from 7 projects which were commenced in the year of 2022 i.e. Project 40 (approximately RM12.8 million), Project 42 (approximately RM0.5 million), Project 44 (approximately RM0.3 million), Project 46 (approximately RM0.6 million), Project 47 (approximately RM1.0 million), Project 48 (approximately RM0.5 million) and Project 49 (approximately RM1.6 million).

Building works projects

Revenue from building works projects decreased from approximately RM2.4 million for the six months ended 31 December 2021 to approximately RM2.0 million for the Period, representing a decrease of approximately 17.9%.

The decrease was mainly attributable to the net effect of decrease in revenue from Project 23 (approximately RM2.4 million) which was completed during the financial year ended 30 June 2022, and additional revenue from Project 19 which was completed earlier, and Project 45 (approximately RM2.0 million) which was commenced during the Period.

Projects on hand

As at the 31 December 2022, the Group had 10 (30 June 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	June 2023
Project 41	A refinery at Pengerang	Civil works	PIPC	January 2022	December 2024
Project 42	A refinery at Port Dickson	Civil works	Non-PIPC	February 2022	March 2023
Project 44	A sugar refinery at Johor	Civil works	Non-PIPC	April 2022	June 2023
Project 45	A melamine plant at Kedah	Civil works	Non-PIPC	August 2022	June 2023
Project 46	A refinery at Pengerang	Civil works	PIPC	September 2022	December 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	August 2023

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 Period, 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. It had adversely affected the usual business activities and disrupted the daily operations of the Group. During the Period under review, the Group's revenue from civil and structural works in the PRC was approximately RM16.3 million (2021: nil). Revenue mainly derived from the ongoing projects i.e. Project 1 (approximately RM1.3 million), Project 2 (approximately RM1.8 million), Project 4 (approximately RM0.2 million), Project 5 (approximately RM5.4 million and Project 6 (approximately RM7.2 million). Project 3 (approximately RM0.1 million) and certain small construction and renovation works projects (approximately RM0.3 million) were completed during the Period.

Projects on hand

As at the 31 December 2022, the Group had 5 (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	Particulars and location	Type of works	Commencement date	Expected completion date
Project 1	A senior high school in Huangdao District, Qingdao City	Construction works	September 2021	April 2023
Project 2	A school in Zhaoyuan City, Shandong Province	Construction works	March 2022	February 2023
Project 4	Heat preservation works in Laoshan District, Qingdao City	Construction works	November 2021	June 2023
Project 5	Apartment units in Sino-German Ecopark Qingdao	Renovation works	May 2022	February 2023
Project 6	A hotel in Sino-German Ecopark Qingdao	Renovation works	August 2022	February 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 provided ongoing business opportunities in trading of oil and related products for the Group.

During the Period, 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. It had adversely affected the usual business activities and disrupted the daily operations of the Group. During the Period under review, the Group's revenue from trading of oil and related products decreased by 13.9% from approximately RM304.6 million for the six months ended 31 December 2021 to approximately RM262.4 million for the Period.

OUTLOOK

The World Bank published its Malaysia Economy Monitor in February 2023 indicated that the Malaysian economy recorded a strong growth of 14.2 percent (YoY) in Q3 2022 (Q2 2022: 8.9 percent) and Malaysia's economy is projected to grow at a more moderate pace of 4.0 percent in 2023, following a stronger-than-expected recovery last year (2022e: 7.8 percent), driven mainly by domestic private sector spending. Global growth is forecast to decelerate sharply to 1.7 percent in 2023 (2022e: 2.9 percent), reflecting synchronous policy tightening, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine. Malaysia's growth outlook is subject to considerable uncertainty.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Negara Malaysia published its Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022 on 10 February 2023 also indicated that the Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%). At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Meanwhile, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (E&E) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.6% (3Q 2022: +1.9%). Overall, the Malaysian economy expanded by 8.7% in 2022. For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment.

At the time of this report, although it is almost back to "old normal" in Malaysia as all travel restrictions have been lifted, the economy headwind remains strong due to geo-political conflicts, rising costs brought by creeping inflation and the formation of a historical first Unity Government after the 15th general election. Against this backdrop, we expect the current financial year 2023 to be equally challenging for the Group due to the scarcity of new capital intensive projects and other oil and gas industry activities, 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.

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

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

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

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

2. For the domestic segment of oil trading, optimize our professional team while coordinating the development of the north and southern markets so as to master the market and the needs of domestic petroleum refining and chemical enterprises more effectively. According to the actual needs of customers, on the premise of ensuring the smooth flow of funds, we will realize the docking of domestic trading business and international trading business as soon as possible. At the same time, it extends from the raw oil market to the refined oil market, and develops sales channels for refined oil.

3. Strengthen the cooperation with large enterprises with state-owned background so as to explore the market more quickly and effectively and enhance the risk resistance of oil trading.

4. Actively carry out international trading business based on Union Top Energy (Hong Kong) Limited and strengthen the investment in international trade to ensure a stable source of overseas oil, with the main sales targets being large domestic traders and petroleum refining enterprises, in order to seek the further development of domestic oil trading business driven by international trade as soon as possible.

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

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

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

8. Gradually step into the market operation of the shipping segment with a view to expanding the business segment, refining the trading chain of oil products and enhancing the Group's operational capability.

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

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

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

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

The Board will from time to time review its existing businesses and 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

In light of the COVID-19 pandemic in the past years, the Group's operations were significantly disrupted by postponement in contract awards, deferment of new projects and decline in other oil and gas industry activities, labour shortage and intense competition for available contract works. As a result, the Group's revenue from civil and structural works in Malaysia decreased by approximately 3.3% from approximately RM24.1 million for the six months ended 31 December 2021 to approximately RM23.3 million for the Period.

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 six months ended 31 December 2022 and 2021:

	For the six months ended 31 December			
	2022		2021	
		Approximately		Approximately
	RM'000	%	RM'000	%
Direct material	**6,704**	**32.6**	4,293	18.8
Subcontracting charges	**5,092**	**24.8**	8,057	35.2
Direct labour	**5,416**	**26.4**	6,294	27.5
Rental of machinery and equipment	**339**	**1.7**	531	2.3
Depreciation	**1,064**	**5.2**	1,205	5.3
Other costs	**1,925**	**9.3**	2,494	10.9
Total	**20,540**	**100.0**	22,874	100.0

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

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

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

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

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

The Group's cost of sales from civil and structural works in Malaysia decreased from approximately RM22.9 million for the six months ended 31 December 2021 to approximately RM20.5 million for the Period, representing a decrease of approximately 10.2% 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

The gross profit from civil and structural works in Malaysia increased from approximately RM1.2 million for the six months ended 31 December 2021 to RM2.7 million for the Period, representing an increase of approximately 131.0%. With combined effects of revenue and cost of sales from civil and structural works in Malaysia, the Group's gross profit margin from civil and structural works increased from approximately 4.9% to 11.7% for the six months ended 31 December 2021 and 2022, respectively.

Civil and Structural Works in the PRC

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

Revenue

During the Period under review, the Group's revenue from the civil and structural works in the PRC was approximately RM16.3 million (2021: nil).

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 Period under review, the Group's cost of sales from the civil and structural works in the PRC was approximately RM14.6 million (2021: nil).

Gross profit and gross profit margin

The Group's gross profit from the civil and structural works in the PRC was approximately RM1.7 million for the Period (2021:nil). 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 10.2% (2021: nil).

Trading of Oil and Related Products in the PRC

Revenue

During the Period, 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. It had adversely affected the usual business activities and disrupted the daily operations of the Group. During the Period under review, the Group's revenue from trading of oil and related products in the PRC decreased by 13.9% from approximately RM304.6 million for the six months ended 31 December 2021 to approximately RM262.4 million for the Period.

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 Period under review, the Group's cost of sales from trading of oil and related products in the PRC decreased from approximately RM292.3 million for the six months ended 31 December 2021 to approximately RM254.6 for the Period, representing a decrease of approximately 12.9% which is in line with decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit from the trading of oil and related products in the PRC was approximately RM7.9 million for the Period (2021: RM12.4 million). With combined effects of revenue and cost 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% (2021: 4.1%).

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 Period, the selling and distribution expenses were approximately RM0.9 million (2021: RM0.7 million).

Administrative expenses

The Group's administrative expenses increased from approximately RM7.2 million for the six months ended 31 December 2021 to approximately RM8.8 million for the Period. Such increase was mainly attributable to the net effect of (i) the increase in staff costs and depreciation expenses and (ii) the net provision/(reversal) of impairment loss on trade receivables, contract assets and advances paid to subcontractors and suppliers 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 bank's acceptances. For the six months ended 31 December 2022 and 2021, the Group recorded finance costs of approximately RM0.4 million and RM0.2 million, respectively.

Income tax expense

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

For the six months ended 31 December 2022 and 2021, the Malaysian corporate income tax of TBK and Prestasi Senadi Sdn. is calculated at the statutory tax rate of 24%.

The provision for PRC current income tax for Liangao Shandong is based on a statutory rate of 25% of the assessable profit for the six months ended 31 December 2022 and 2021 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, Gangliangao Hainan is subject to enterprise income tax at the preferential rate of 15% from 1 January 2020 to 31 December 2024.

Other than the above-mentioned subsidiaries, certain PRC subsidiaries are eligible as a small low-profit enterprise and is subject to the preferential tax treatment for the six months ended 31 December 2022 and 2021. 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 six months ended 31 December 2022 and 2021.

The Group's income tax income was approximately RM2.0 million for the Period (2021: RM1.8 million).

Profit and Earnings per Share

As a result of the foregoing, the Group's profit attributable to owners for the Period was approximately RM2.4 million (2021: RM3.9 million) and the earnings per share for the Period was approximately RM0.24 sen (2021: RM0.39 sen).

Key Financial Ratio

	Note	**As at 31 December 2022**	As at 30 June 2022
Current ratio (times)	1	**4.6**	2.6
Quick ratio (times)	2	**4.6**	2.6
Gearing ratio (%)	3	**4.9**	7.3

Notes:

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

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

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

Liquidity, Financial Resources and Capital Structure

As at 31 December 2022,

a. the Company's issued capital was RM5.3 million (or HK$10 million equivalent) and the number of its issued ordinary Shares was 1,000,000,000 Shares of HK$0.01 each;

b. the Group had total pledged time deposits and bank balances as well as cash and cash equivalents of approximately RM5.3 million (30 June 2022: RM6.3 million) and approximately RM45.4 million (30 June 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 borrowings of approximately RM4.4 million (30 June 2022: RM7.3 million) and RM3.2 million (30 June 2022: RM3.8 million), respectively. All lease liabilities and bank borrowings were denominated in RM and RMB; and

d. the Group's total equity attributable to owners of the Company was approximately RM152.3 million (30 June 2022: RM151.6 million). The equity of the Company mainly comprises share capital and reserves.

Treasury Policy

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

Dividend

The Board does not recommend the payment of an interim dividend for the Period (2021: nil).

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

Save as disclosed in this interim report, the Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Period.

Capital Commitments

As at 31 December 2022, the Group had no significant capital commitments (30 June 2022: nil).

Pledge of Assets

As at 31 December 2022, the freehold land, freehold land and buildings, right-of-use assets of the Group with total net carrying amount of approximately RM9.2 million (30 June 2022: RM9.3 million), and time deposit and bank balances of approximately RM5.3 million (30 June 2022 RM6.3 million) were pledged to licensed banks as security for credit facilities granted to the Group.

Future Plan for Material Investments and Capital Assets

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

Contingent Liabilities

As at 31 December 2022, the Group had no significant contingent liabilities or outstanding litigation (30 June 2022: nil).

Pledge of Shares by the Controlling Shareholder

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

Foreign Currency Risk

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

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

Employees and Remuneration Policy

As at 31 December 2022, the Group had 398 (30 June 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 Period, the Group's employee cost, including Directors' emoluments, were approximately RM11.9 million (2021: RM11.3 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 and the Company's announcement in relation to change in use of proceeds dated 31 January 2022 (the "**Announcement**"), the business objectives and strategies of the Group are (i) to reserve more capital to satisfy the Group's potential customers' requirement for performance bond; (ii) 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 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 31 December 2022 (the "**Relevant Period**") is set out below:

i.	To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	—	To purchase performance bond as required for any new project
ii.	To expand the Group's workforce	—	To carry out recruitment including project director, project manager, construction manager, project control manager, interface coordinator, quality assurance engineer, environmental manager, quality control head, quality control site manager, health, safety, security and environment head, health, safety, security and environment site manager
		—	Additional staff costs for retaining the aforesaid additional staff

iii.	To acquire machinery	—	To acquire 2 cranes, 3 excavators, dumpers, low loader, 2 roller compactors, water truck, arm roll lorry, micro-bus, compressor, bar benders/ cutters, towel lighting, generator
iv.	To finance for the upfront expenditures of new projects	—	To pay for the upfront costs of the Group's projects including startup costs such as subcontracting charges for work done by subcontractors, material costs and direct labour costs
v.	To acquire business	—	To acquire engineering contractors which have Bumiputera ownership
vi.	To set aside for working capital purpose	—	To set aside, together with internal resources of the Group, for general working capital purpose
vii.	To expand and develop the Oil Trading Business	—	To develop northern PRC market of the Oil Trading Business
		—	To expand its customer base
		—	To secure a supply of higher quality oil products
viii.	Future investment opportunities	—	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 31 December 2022, all of the unutilised Net Proceeds (the "**Unutilised Net Proceeds**") were deposited in the licensed bank in Hong Kong, Malaysia or the PRC. During the Relevant Period, the Net Proceeds has been applied as follows:

		Original allocation of the Net Proceeds disclosed in the Prospectus and 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 as during the Period	Unutilised Net Proceeds as at 31 December 2022
		HK$' million	HK$' million	HK$ 'million	HK$' million	HK$' million	HK$' million
i.	To reserve more capital to satisfy the Group's potential customers' requirement for performance bond	8.9	(8.9)	–	–	–	–
ii.	To expand the Group's workforce	13.4	(13.4)	–	–	–	–
iii.	To acquire machinery	17.8	(17.8)	–	–	–	–
iv.	To finance for the upfront expenditures of new projects	26.7	(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 the Oil Trading Business	–	40.0	(3.1)	36.9	(10.7)	26.2
viii.	Future investment opportunities	–	10.0	(4.2)	5.8	–	5.8
		85.0	0	(22.2)	62.8	(24.6)	38.2

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. However, 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 this interim report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Mode Code, to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in the Company

Name of Directors	Capacity/ Nature of interest	Number of Shares (Note 1)	Percentage of shareholding
Mr. Tan Hun Tiong ("**Mr. HT Tan**")	Interest of a controlled corporation (Note 2)	600,000,000 (L)	60%
Mr. Tan Han Peng ("**Mr. HP Tan**")	Interest of a controlled corporation (Note 2)	600,000,000 (L)	60%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. All the issued shares of TBKS International are legally and beneficially owned as to 70% and 30% by Mr. HT Tan and Mr. HP Tan respectively. Accordingly, Mr. HT Tan and Mr. HP Tan are deemed to be interested in the 600,000,000 Shares held by TBKS International under the SFO. Mr. HT Tan and Mr. HP Tan are a group of controlling shareholders.

(ii) Interests in associated corporation of the Company

Name of Directors	Name of associated corporation	Number of Shares (Note 1)	Percentage of shareholding
Mr. HT Tan	TBKS International	70 (L)	70%
Mr. HP Tan	TBKS International	30 (L)	30%

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of the Company as referred to in the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity/Nature of interest	Number of Shares (Note 1)	Percentage of shareholding
TBKS International	Beneficial owner	600,000,000 (L)	60%
Ms. Tan Siew Hong	Interest of spouse (Note 2)	600,000,000 (L)	60%
Red Bright International Limited ("**Red Bright**")	Person having a security interest in shares (Note 3)	600,000,000 (L)	60%
Mr. Yang Dunwei ("**Mr. Yang**")	Interest of controlled corporation (Note 4)	600,000,000 (L)	60%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Ms. Tan Siew Hong is the spouse of Mr. HT Tan. By virtue of the SFO, Ms. Tan Siew Hong is deemed to be interested in all the Shares in which Mr. HT Tan is interested or deemed to be interested under the SFO.

3. On 28 September 2021, TBKS International and Red Bright entered into a deed of charge pursuant to which 600,000,000 Shares in the name of TBKS International are to be charged to Red Bright as security.

4. Based on the notices of disclosure of interest were filed by Mr. Yang on 30 September 2021, Mr. Yang has 100% direct interest in Red Bright and he is deemed to be interested in all the Shares held by Red Bright under the SFO.

OTHER INFORMATION

Save as disclosed above, as at 31 December 2022, the Directors were not aware of any other persons/entities (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 5 September 2019, the Company adopted 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.

OTHER INFORMATION

As at 31 December 2022, the total number of securities available for issue under the Share Option Scheme was 90,000,000, representing 9% of the entire issued share capital of the Company. Movements of Share Options during the Period are as below:

Name of category of participant	Date of grant	Exercise price HK$	Outstanding at 1 July 2022	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Outstanding at 31 December 2022	Exercise 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	

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

No Share Option was granted, exercised, cancelled or lapsed during the Period (2021: nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the Period was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 Period.

SECURITIES TRANSACTIONS BY DIRECTORS

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

OTHER INFORMATION

CORPORATE GOVERNANCE

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

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

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

COMPETING INTERESTS

As confirmed by the Directors, controlling shareholders and their respective close associates do not have any interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group during the Period.

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 interim financial results of the Group for the Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 27 February 2023